



Annual Report and Accounts 2021

The Abbeyfield Society

Annual Report and Accounts

31 March 2021

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The Board, Executive Officers, Advisers and Patrons

Board at 31 March 2021

Ian Plaistowe OBE
Chair

Jenny Lawrence
Deputy Chair

Sara Beamand

André Decraene

Amanda Houlihan

Andrew Larpent OBE (until
31.05.21)

Jeff Medlock

Cedric Meiring

Chris Smith CBE

Ken Staveley MBE

Rt. Rev Dr Stephen Venner

Brian Williams CBE

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

Norman Greville (until 26.11.20)

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

Executive Committee at 31 March 2021

Chief Executive Officer

Bob Tindall (interim from 10.02.21)

Director of Finance

John Clark

Director of Retirement Living

Douglas Webb

Director of Development

Richard Virr

Director of Marketing

Anna Boyes

Director of Fundraising

Alastair Mulvie (until 09.04.21)

Director of Legal & Compliance and Company Secretary

Jonathan Sweet

Director of Human Resources

Gail Manley

Director of North Region

Theresa Wilson (interim from 01.10.20
and permanent from 01.02.21)

Director of West Region

Heather Mohammed

Director of East Region

Kirstan Sparshott

Director of Experience Programme

Julie Robinson (from 30.06.20)

The following were also Executive
Committee members for part of the year
covered by this Annual Report;

Chief Executive Officer

David McCullough (until 09.02.21)

Director of North Region

Julie Robinson (until 30.06.20)

Elaine Conway (interim from 01.07.20 to
30.09.20)

External Auditors

Crowe U.K. LLP
55, Ludgate Hill
London EC4M 7JW

Internal Auditors

Mazars
Tower Bridge House,
St Katherine's Way
London E1W 1DD

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Solicitors

Bates Wells &
Braithwaite
London LLP
2-6 Cannon Street
London
EC4M 6YH

Anthony Collins LLP
134, Edmund Street
Birmingham
B3 2ES

The Board, Executive Officers, Advisers & Patrons (cont.)

Board Committees at 31 March 2021

Remuneration & Nominations Committee

Amanda Houlihan (Chair of
Remuneration)
Ian Plaistowe (Chair of
Nominations)
Chris Smith
Rt. Rev Dr Stephen Venner

Audit & Risk Committee

Chris Smith (Chair)
André Decraene
Jenny Lawrence

Finance and Operations Committee

Jeff Medlock (Chair)
Ian Plaistowe
Rt. Rev Dr Stephen Venner
Jenny Lawrence
George Ashworth (co-opted member)

Members Committee

Jenny Lawrence (Chair)
Eifion Bowen
John Connelly (interim)
Cheryl Dean
André Decraene
Pam Fensome
Suzanne Geoghegan
Amanda Houlihan
Alan Innes
Peter Jackson
Ian Plaistowe
Robert Stout

Quality Committee

Sara Beamand (Chair)
Amanda Houlihan
Andrew Larpent
Rt. Rev Dr Stephen Venner

Property Committee

Jeff Medlock (Chair)
George Ashworth
Jenny Lawrence
Chris Smith

Registered Office

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Legal Status

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

Registered with the Regulator
of Social Housing, No H1046.

Registered with the Charity
Commission, No. 200719.

Registered with the Care Quality
Commission, No.1-102642859.

Royal Patron

**His Royal Highness The Prince
of Wales, KG KT GCB OM**

Patrons

The Rt. Hon Baroness Bottomley of
Nettlestone

Michael Brooks

Dame Judi Dench DBE

The Lord Elis-Thomas

Aled Jones

Ron Kenyon OBE

The Duchess of Northumberland

The Rt. Hon Lord John Prescott of
Kingston upon Hull

John Robinson CBE

Patricia Routledge OBE

Martin Shreeve OBE MBA DSW
BSc (Econ)

Michael Staff MBE

Dame Gillian Wagner DBE PhD

Professor Alan Walker DLitt FRSA

The Rt. Rev & Rt. Hon Baron Williams
of Oystermouth

The Carr-Gomm family (David Carr-
Gomm, Adam Carr-Gomm, Harriet
Carr-Gomm, Elizabeth Parker and
Anna Newton)

President

Vacant

Vice-President

John Robinson CBE

Chairman's Statement

The UK entered the 2020 /2021 financial year under a full lockdown, with our sector continuing to face the necessary but difficult restrictions that accompanied this unprecedented situation. Unbeknown to us all was the fact that we would close the financial year under the same lockdown constraints that we started with.

The challenges that Covid-19 presented - and still presents - for all those receiving care and support within the social care sector, and those who work within it, have been well publicised. I cannot stress enough my thanks to all involved who dedicated themselves to responding quickly to government guidance in order to protect our residents' physical and mental wellbeing. At the start of the first lockdown our Covid-19 Taskforce was created and helped us maintain a vigilant focus that has thankfully resulted in the impact of Covid-19 on our residents being more limited than it otherwise would have been. I also thank our residents and their families for their understanding and unwavering support as we have worked together to keep each other safe, and recognise the sadness and grief that has attended the loss of both residents and staff to the virus.

Amongst other things – not least the financial impact of Covid-19 - we have been unable to extend the typical open door policies that support our residents' social networks and support us in promoting our services and our people.

Having to “close our doors” in our Care Homes for the protection and safety of our residents, has presented a financial challenge due to worsening occupancy rates. We received some partial relief from Government funding via its Infection Control Fund. Furthermore, the costs associated with facilitating family visits in such unforeseen circumstances (cleansing meeting locations and on-site testing) has also added to the increased financial spend this year.

At the outset of the Covid-19 pandemic, we reacted quickly, and secured supplies of scarce Personal Protective Equipment (PPE) at a relatively high cost, and this contributed to an exceptional overall spend of £1.3m in the year.

We continue to progress initiatives to improve all aspects of the experience of our residents and our staff. The Board approved the launch of our Experience Programme in June 2020. This aims to deliver significant improvements and cost efficiencies over the next two years.

Our viability programme which involved the sale of twenty-two of our homes which did not meet the standards we require was largely completed in the year, despite Covid-19. At the year end, only three houses remained to be closed. From sales of properties over £13m of proceeds have been received. This will enable us to upgrade the market condition of the remainder of our homes, develop new properties and grow. We end the year with very positive cash balances of £23.7m. With all things considered this is a commendable place to be and I thank my Board and Executive team for the hard work that they have undertaken to get to this position.

Tackling our governance and structural issues and delivering on our commitment to make Abbeyfield a more member-focused organisation has also been a keen focus throughout the year. In spite of the understandable operational urgencies required to respond to the Covid-19 pandemic, our November AGM saw a renewed enthusiasm and commitment to jointly develop with Member Societies appropriate governance and structures to facilitate this. I was delighted by the unanimous support received for the key programmes that aim to develop this work further in 2021.

Services to Member Societies continue to be a major priority by the provision of support and advice including Operational restructuring, Marketing, PR and Fundraising activities, Legal assistance, HR services, and Development consultancy utilising our Investment Partner status. In addition, direct loan funding to Member Societies was made available when called upon. During the year we engaged with suppliers to ensure that PPE was made available for distribution to Member Societies, and through Connect, up to date guidance from the Covid-19 Taskforce was accessible to all.

It was with enormous sadness that earlier this year, our much loved and respected CEO David McCullough suddenly passed away. It was an immense shock that

has been felt deeply across the whole of Abbeyfield. David was instrumental to setting out the vision for a reinvigorated and purposeful Abbeyfield, a vision that we are now working hard to deliver. Therefore, as we end the year, despite the enormous difficulties that this year has posed, and particularly to Abbeyfield, we remain as committed as always to delivering the strategic agenda that David was so passionate about.

In spite of the difficult year, it is encouraging to report that Abbeyfield continues to develop outside of the UK, with operations in Australia, Belgium, Canada, Jersey, New Zealand and South Africa. Conditional membership was also granted to Poland and Malawi in 2020, and support provided by the International Partnership Manager to help develop their initiatives. Interest in establishing Abbeyfield homes has also been expressed in France and Spain.

We continue to build a strong relationship with the Regulator of Social Housing (RSH) and are working towards achieving a G1 rating. The RSH paused progress towards G1 during the pandemic, but has now re-engaged on the issue.

I am, as ever, humbled by the compassion of all involved in the care and support of our residents and the commitment of our staff in making Abbeyfield an inspiring place to work. I am grateful for the dedication of our trustees and volunteers and people from the communities in which Abbeyfield operates. Their contributions make me confident that we can address any future challenges.

This year has already seen the retirement from the Board of Andrew Larpent and Ken Staveley and I retire after the AGM. Ken has given many years of outstanding service to Abbeyfield in several roles and has been one of our stars. The Board has decided that our next chair should be an individual who is independent of Abbeyfield and he or she should take up office as soon as possible. In the meantime, and as permitted by our Articles, it has appointed Jenny Lawrence to be interim chair and Chris Smith to be vice chair.

Finally, I would like to thank our residents for making a reality every single day of our founder Richard Carr-Gomm's vision for living well and happily alongside each other in our later years.



Ian Plaistowe

Chair

Report of the Board (incorporating the Strategic Report)

The Board presents its report, which incorporates the Strategic Report as set out in company law, including the audited financial statements for the year ended 31 March 2021.

Our mission and principal activities

At Abbeyfield we have a simple aim – to strive to improve the quality of older peoples’ lives by reducing the incidence of loneliness in later life. This means providing a caring and compassionate Abbeyfield community which provides warmth, support and wellbeing for all our residents. We believe that everyone, irrespective of their age, has a unique and invaluable contribution to make to the lives of others. By helping to create and grow communities which encourage people to remain happily together, for longer, we will deliver on that mission.

The Society's principal activities are:

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

Strategic Review

At our annual conference in October 2019, we set-out and re-affirmed our strategic imperatives:

- Alleviate loneliness for older people - demonstrated by the positive difference we make to people’s lives.
- Take pride in and retain our distinctive Abbeyfield model, whilst accepting this may not be the right choice for everyone.
- Reach out to more people with the range of Abbeyfield Family services.

- Re-position to ‘younger older’ people, those in the first stage of retirement, rather than responding to an immediate care or crisis need.
- Return our focus to Membership and build a model which reflects the knowledge, experience and innovation that takes place locally in all the 10 countries which comprise the Abbeyfield family.

At the strategy meeting with Members on 26th November 2020, we set out our vision for a new Membership-focused society, with proposals for;

- The creation of a new Abbeyfield agreement.
- The establishment of an Abbeyfield Members Council as a worldwide body.
- The establishment of Abbeyfield England as a countrywide body.

In addition, we set up a series of project teams to begin the process of bringing the Abbeyfield family together;

- Clusters and Mergers group – reviewing geographic opportunities for aligning Retirement Living and Member Society Homes into a smaller number of larger societies.
- Pilots project group – establishing the due diligence criteria for merging opportunities identified.
- Member Support group – gathering data on Member societies which are in need of some form of financial support to remain operative. A fund of £350k has been established and the criteria for access to the fund will be developed and advised to member societies during 2021/22.

Report of the Board (incorporating the Strategic Report) continued

Despite the considerable setbacks from the Covid-19 pandemic and the sudden loss of our CEO, progress has generally been good although more work needs to be done to establish Abbeyfield England. Governance is provided by a Programme Steering Committee (PSC) chaired by Jeff Medlock (Board member) which oversees various other steering sub-committees. Regular updates are provided to staff and the Board on the progress of all project teams.

The year in review

Abbeyfield has faced a number of significant challenges this year, most notably the Covid-19 pandemic. This meant we had to prioritise the safety and security of our residents above everything else, which inevitably resulted in incremental costs being incurred (mainly PPE, contract staff and overtime working), which were only partially recovered from the Government's Infection Control Fund (ICF) and furlough scheme.

The limited access we were granted to many of our properties resulted in a lower than budgeted spend on maintenance and repair works. In addition, our 83 bed development at Plymouth Millbay was suspended as our main contractor struggled to keep subcontractors on site. We are currently reviewing work schedules and costings for the project now that restrictions are easing in the construction industry. Although our development at Westall was interrupted, major progress on the project was still maintained.

The Viability Programme, which commenced in 2019 was largely delivered in 2020, with 19 of the 22 homes that were originally ear-marked for closure and sale being concluded. There were in total, including the Viability Programme, 29 properties for sale at 31 March 2020. In the year 2020/21 the sale of 14 properties generated significant funds (£13.6m) which will be deployed on raising the market standard of our retained homes in subsequent years through major works, and on completing outstanding developments.

The Experience Programme

As part of our drive for improved efficiency and customer experience we launched the Experience Programme in 2020. This programme aims to review our operating systems and processes, identify areas of inefficiency and implement improved ways of working that eliminate some of the manual, resource heavy ways of working, in favour of the use of technology to automate routine tasks. This will enable us to improve the 'lived experience' of Abbeyfield for our residents, staff, suppliers and partners, and ensure that our front line teams can focus more time on resident needs rather than routine administrative tasks. Longer term, we aim to make this Service Delivery Model with associated benefits available to the wider Membership once successfully implemented in Retirement Living.

The programme title derives from the aim to improve the experience of everyone who comes into contact with Abbeyfield and focuses on three key delivery objectives:

- **Experience:** Improve quality and consistency of service delivery to residents, staff and suppliers
- **Efficiency:** Drive cost savings by increasing the use of technology to reduce manual interventions and improve collaboration and communication
- **Compliance:** Evidence improved reporting of legal and regulatory compliance

The first phase of the programme has been completed. We identified eight key processes for further review:

- Customer journey from enquiry to settled resident
- Procure to pay cycle
- Recruitment, induction, training and retention processes for staff

Report of the Board (incorporating the Strategic Report) continued

- Effectiveness of workforce planning, resource utilisation and performance management
- Management of our physical assets including property maintenance and stock condition
- Recruitment, management and deployment of our volunteers
- Reporting processes and compliance with Quality Assurance frameworks
- The generation of Management information to evidence service delivery and inform future planning

The findings of this detailed review provide robust evidence to support the next phase of the programme, which is to re-organise our operational processes and activities to improve delivery of our services:

- Bringing together the transactional processes that are common across locations
- Implement the appropriate technology to improve efficiency and standardise ways of working
- Removing tasks from the front line to allow staff to focus a greater portion of their time on the customer and employee experience
- Reduce overhead costs, being leaner and smarter in the way that we operate

Work to implement this improved model is well underway and once complete, this scalable, cost efficient service can be offered to the wider Abbeyfield.

Membership support

Annual fees are levied on our Member Societies to cover the use of the Abbeyfield Brand, the direct costs of the Membership Service Consultants, and in 2020/21, the establishment of a support fund of

£350k for Member Societies in financial difficulties. The services used by individual Member Societies vary immensely depending on the scale, activities and financial status of the individual Societies. During the year 2020/21, services that all or the majority of Societies have utilised include use of the Brand, access to the Connect intranet service (training and COVID-19 updates included), and assistance with procurement of key services such as Trustee insurance and Personal Protective Equipment (PPE). We have had a lot of interest from member societies in utilising our on-line Learning Management System (LMS) and currently 23 societies are actively using it for online learning (583 staff users).

Services used by a more limited number of Member Societies include assistance with Fundraising, Property development including the financial benefit of Recycled Capital Grant Fund (RCGF) of £0.2m (see Note 26 to the Accounts), loans to Members outstanding of £4.8m, corporate advisory services, digital marketing and website services, PR advice, HR advice and some IT support.

Overview of performance and financial position

The result for the year is a surplus of £1.3m (2020: deficit (£10.7m) after an impairment charge of nil (2020: £6.4m charge).

Turnover for the year reduced by £2.8m (5.6%) (2020: (£3.9m) (7.0%)) from £50.9m in 2020 to £48.1m in the current year largely due to an increased level of voids across the estate.

Operating costs before impairment reduced by £5.4m, with significant savings in charges for support services occasioned by the various lockdowns.

Following last year's detailed impairment review of our property portfolio, which resulted in an uplift in the impairment provision to £12.1m, our desktop review concluded that no further impairment provision was required this year end. We also

Report of the Board (incorporating the Strategic Report) continued

benefitted this year from a profit on disposal of properties of £5.2m (2020: £2.8m).

We have £133.4m (2020: £139.1m) of housing assets and continue to invest in the properties by spending £1.5m (2020: £2.0m) in the year on repairs and capital improvements.

We continue to strive to extend the Abbeyfield services to more people, and the development of extra housing capacity is a key strategic objective. We currently have 125 units in development (2020: 125 units) within TAS, and, in the wider membership, we are providing financial support for developments in Abbeyfield Southern Oaks and South Downs, and advisory support for other Member Society developments.

We will continue to seek opportunities to add to our housing stock, but only if the economic case can be made for investment following robust financial due diligence.

We are required to provide multi-year projections of our financial performance in conjunction with the Regulator for Social Housing (RSH) and to stress-test these and include mitigations where appropriate. This has provided comfort that we have adequate financial headroom to deliver our planned strategic initiatives and move the Society back to a break-even operating performance by 2022/23.

The annual accounts include the results for TAS and its subsidiaries Abbeyfield Property Limited ("APL") and our research company, Abbeyfield Research Foundation ("ARF") (together, the "Group").

The Board confirms that the Society complies with the Regulator of Social Housing's Governance and Financial Viability Standard.

We continued to fund research into issues affecting older people, through The Abbeyfield Research Foundation ("ARF").

During 2020/21 we focused on staff and resident wellbeing throughout the COVID-19 pandemic, and

up to 58 staff were furloughed, mostly those who were asked to shield, or caring for those who were shielding. So far in 2021/22, the number of staff furloughed has reduced considerably.

In March 2020 we extended sick pay for front-line staff from one week to two weeks, to take into account the 14 day isolation period, and in November 2020, further extended it to 4 weeks in a rolling 12-month period to cover Covid-related absences.

There are a host of wellbeing resources on our intranet, and we provide an Employee Assistance Programme (EAP), accessible to all staff on a 24/7 basis including one-to-one telephone or virtual counselling.

We continue to deliver high quality online learning via our Abbeyfield Development Academy (Learning Management System) which has enabled us to achieve very high levels of training compliance across all frontline roles.

Our Learning & Development team has achieved accreditation status with the Learning & Performance Institute (LPI) and was assessed by LPI as being in the top 15 highest performing L&D functions. We have been endorsed by Skills4Care as a learning provider, and approved by the Institute of Leadership & Management (ILM).

In April 2020 we implemented a new pay strategy which facilitates pay and career progression by introducing career bands and zonal pay, linked to external pay benchmarks. During the same period we have enhanced benefits for frontline staff to better reflect their contribution by increased employer pension contributions, annual leave and company sick pay.

In March 2021 we launched an all staff engagement survey. We are delighted with the results which indicate Abbeyfield has good levels of staff engagement overall and in 2021/22 action plans will be developed to celebrate successes and focus on improvement areas.

Report of the Board (incorporating the Strategic Report) continued

Risk management

In 2020 the Audit Committee undertook a comprehensive review of the risk framework for the Society. That included an updated policy on risk management, a new corporate risk register and a new development, creating Departmental Risk Registers. The rolling out of training was delayed due to the wide-ranging impact of the Covid-19 pandemic. A Covid-19 risk register was immediately developed and was pivotal to the management of Covid-19 related risks during the year. These developments emphasised the requirement to focus staff on ensuring that Retirement Living and Member Societies were supported as much as possible.

We are now in a position to re-engineer the Risk Management process and that will begin with a Risk Management Implementation Plan which is likely to be ready in July 2021.

The Board considers the Strategic Risks for TAS are:-

- Financial – Instability through shortage of cash reserves.
- Safeguarding – Failure to meet or maintain expected standards.
- Reputation – Inadequate prevention or management of events which can cause reputational damage.
- Regulatory - Non-compliance with legislative or regulatory requirements.
- New projects and programmes - Failure to deliver the expected outcomes and benefits.

Key mitigations of the Risks and key elements of the internal control framework are:-

- Financial - Ensuring that TAS reduces overheads and voids, and manages capital spend within its financial constraints. Timely and accurate financial reporting, the delivery of the Experience Programme and application of relevant Value for

Money (VFM) metrics and trend analysis are pivotal.

- Safeguarding - Ensuring TAS Safeguarding Policies and Procedures are fit for purpose, maintained, updated, and fully implemented across Retirement Living by monitoring (assisted by Internal Audit) and reporting to the Quality Committee.
- Reputation - Building on the effective operation of the COVID Taskforce, and the work of the Policy Taskforce, which maintains policies and practices which provide preventative controls, react to and manage external events through the Executive and The Board.
- Regulatory - Active monitoring of compliance targets and investigating breaches informed by regular internal assessment, with regular reporting to the Quality Committee.
- New projects and programmes - Using a Business Case framework to propose and then manage new projects and programmes, and provide timely and accurate reporting to the Steering Committees and the Board.

Report of the Board (incorporating the Strategic Report) continued

Reserves

After transfer of the surplus for the year of £1.3m (2020: £10.7m deficit), revenue reserves increased to £121.0m (2020: £120.1m). In addition, the Society has restricted reserves of £12.8m (2020: £12.4m).

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 regularly shares information on its objectives, progress and activities through a variety of communications, including (when permitted) office and departmental meetings involving Board members, the Executive Committee, volunteers and staff.

The Society is committed to the principles of equality, diversity and inclusion 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. It is a primary objective of the Board that staff should feel valued and be appropriately rewarded.

Informed by its pay benchmarking activities, the Society is confident that pay is competitive within the marketplace.

The Society's Gender Pay report is available on our website. In the past two years, our mean pay gap has reduced 2 percentage points to 25% and our median pay gap remained consistent at 10%. We are committed to reducing the pay gap over the coming years.

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 to our staff on health and safety matters. There have been 69 serious accidents and incidents reported in the year (2020: 97). Incidents and accidents, which include positive Covid-19 cases, are reviewed by our Quality Committee to ensure lessons are learned which can prevent similar occurrences in the future.

Compliance with the RSH Governance and Financial Viability Standard

The Board confirms that the Society complies with the requirements of the Governance and Financial Viability Standard applicable for the year from 1 April 2020.

The Strategic Report and Report of the Board of Management were approved by the Board on 10th August 2021 and signed on its behalf by the Chairman of the Trustees.

Operating and Financial Review

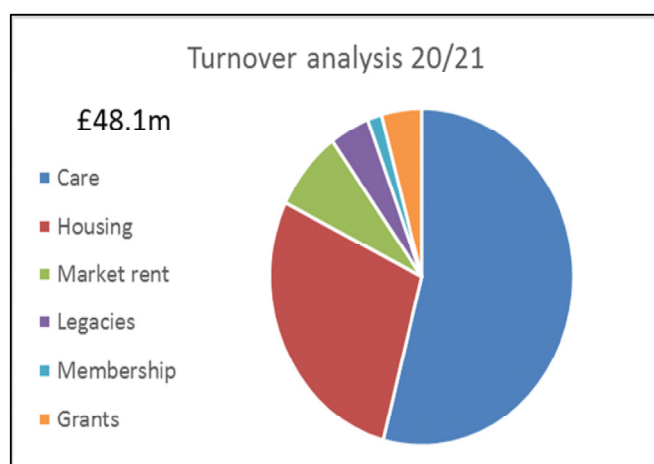
The result for the year is a £1.3m surplus compared with last year's deficit of £10.7m, as shown in the Consolidated Statement of Comprehensive Income in the Accounts.

The results include a £5.2m surplus on the disposal of property fixed assets (see note 12). The operating deficit was £4.3m compared to a deficit of £13.3m in 2019/20 (£6.9m before impairment). In a year of exceptional voids in the Care Homes, close control of operating costs was vital, and the £1.1m reduction in operating costs in our continuing operations shows the efforts of our staff in the most difficult of circumstances.

Although there is a rational argument for a reduction in the remaining impairment provision of £7m on Care homes and Properties for Sale, in light of the ongoing uncertainty in the property market and the reduction in admissions to counter voids in Care homes, no change in the impairment provision has been made. The situation will be kept under close review throughout 2021/22.

Turnover for the year reduced by £2.8m from £50.9m in 2019/20 to £48.1m in the current year. In 2020/21 turnover included £2.1m of government funding through receipts from the Infection Control Fund and furlough payments.

Details of the split of turnover are shown in the chart below.



Operating costs at £52.4m were £11.9m lower than in 2019/20 (£5.5m before the effect of impairment in 2019/20), after the closure of all but three properties in the viability programme carried out in 2019/20. One property is scheduled for closure in 2021/22, and one for sale as a going concern.

Within the Consolidated Statement of Financial Position there are cash and cash equivalents of £23.7m (2020: £11.0m) and investments of £1.7m (2019: £1.4m).

Within tangible fixed assets of £133.4m there are 15 properties now earmarked for sale with a net book value after impairment of £5.6m. Retirement living, which manages the central property portfolio, currently manages a total of 101 homes and houses comprising some 1,989 units, split as follows:

Supported Housing	1,041
Care	677
Independent Living	271
Total	1,989

Many of the residents of the Society's Supported Houses are in receipt of financial assistance towards the cost of support provision.

The principal regulator for the Society is the RSH which regulates all registered providers of social housing in England. Following the implementation of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 (as amended), all care homes are now assessed as to whether they are fully compliant under the new regulations and meet Fundamental Standards.

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

Donations and legacies received for the year were £2.0m (2019: £1.1m).

Operating and Financial Review continued

Loans receivable from Member Societies are £4.8m (2020: £5.7m) as shown in Note 21 to the Accounts.

Capital structure

The Society is financed from retained surpluses, part of which have arisen through the 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 the closure of these facilities when deemed not financially viable, has contributed to our capital structure.

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

Employees

The number of full time equivalents (FTEs) has fallen slightly in the year. As at 31 March 2021, the total number of Society FTE employees was 1,099 (2020: 1,103) (note 9 to the Accounts).

Reserves policy

The Board's policy is to retain sufficient reserves, which at £133.7m, in the Board's judgement are adequate to cover future contingencies and liabilities.

The level of reserves is set to continue to provide essential services including;

- Day-to-day operational expenditure, including contingencies for large, unforeseen items.
- 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.
- Funding of development projects.

The cash and cash equivalents less bank loans at year-end were £20.4m which the Board considers sufficient to meet the requirement of the Reserves Policy and is in excess of the minimum level required by the Board of £10.0m. The

Board is comfortable with the overage at this point which will finance a major capital works programme and future development opportunities.

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 in line with the Society's strategy. Bank facilities exist of £10m, consisting of a Revolving Credit Facility (RCF) of £5m and an Overdraft Facility of £5m.

During the year the RCF was drawn down in full to provide a buffer in the event of stress on cash-flow during the Covid-19 pandemic.

The Bank facilities are secured on a selection of the Society's properties and the RCF contains bank covenant tests, which are reviewed at all Board meetings.

As required by the RSH, thirty-year financial and cash flow forecasts are prepared annually to ensure that an adequate funding strategy is in place.

Net interest receivable and fees were £114k (2020: £27k payable).

The Society invests surplus funds in interest-bearing deposit accounts. These amounts are held with a small number of financial institutions which have a good credit rating, in accordance with the Society's Treasury Policy.

Cash flow liquidity and security

The consolidated statement of cash flows in the financial statements shows that during the year the Group generated an overall increase in cash and cash equivalents of £12.7m (2020: cash increase £1.0m).

The net cash inflow from operating activities was £3.2m including draw-down of the RCF hence the underlying position was an outflow of £1.8m (2020: £2.2m outflow). Investment in fixed assets, property development, totaled £3.5m (2020: £8.5m). Proceeds from sale of properties was £13.6m cash inflow (2020: £17.1m). Grants repaid or utilised by Member Societies caused a cash outflow of £1.2m (2020: £5.2m outflow), and

Operating and Financial Review continued

interest paid and finance costs was a cash outflow of £0.1m (2020: £0.2m). As at 31 March 2021 all bank facilities were secured against a selection of our properties.

Going concern and viability

The Board has considered the net asset position of £133.7m as at 31 March 2021. The Society meets its funding requirements through its own resources and its bank credit facilities.

The Board has reviewed the future viability of the Society by carrying out a detailed review of the Society's business plan. It has carried out a full financial and market viability process, looking at the future viability of all of the Society's homes, reviewed the risks in the business, as detailed in the risk section of this report, and then stress-tested the outcome of these plans. The Board has agreed appropriate mitigations and triggers to cover stress test outcomes where appropriate. The detailed review covers a three-year period from April 2021 to March 2024.

The Board considers it has adequate resources to continue operations and carry out major works and development projects. The decision has been made to suspend the Plymouth development whilst alternative financing options are explored, and the use of proceeds from property sales which have augmented the cash funds in 2020/21 are reconsidered for allocation between development and major works funding.

The Board, and the Finance and Audit Committees will continue to review viability as part of the overall governance process.

On this basis the Board is satisfied that it has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis as the basis for preparing accounts.

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.

Our Homes

We have a clear strategy for new developments. 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 as well as investing 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 continue to modernise our asset base and provide a greater number of personalised care services. There is a programme of major capital works on existing schemes estimated at £15m over the next 3 years.

Making time for older people

Staff structures continue to be reviewed 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. We also recognize the need to streamline business systems, to ensure that members of staff have more time to spend with individual residents and the Experience programme will be key to delivering this over the next two years.

Financial and non-financial Key Performance Indicators (KPIs)

The Board and the Executive Committee review many KPIs on a regular basis. In addition to those required by the Regulator of Social Housing (RSH), the most important ones are:

Operating and Financial Review continued

Key Performance Indicators

Operating Margin %
(continuing operations excluding impairment)

Care occupancy %

Housing occupancy %

Number of major injuries

Fundraising Income

Development Expenditure

2020/21	2019/20	2018/19
(6.0)%	(7.5)%	4.5%
79%	88%	86%
87%	87%	88%
69	97	34
£2.0m	£1.1m	£2.1m
£3.5m	£8.5m	£4.8m

Due to the unique mix of our care and supported housing and the relationship with Member societies, we have ceased to benchmark against sector performance, but rather review trends.

Our financial strategy is to improve operating surplus through efficiency and value for money initiatives and cost

savings. We are active in the local community, promoting our services to improve occupancy rates and marketing our excellent care services.

We are committed to train and develop all levels of staff, with succession planning for key roles.

Operating and Financial Review continued

Highlights, four year summary

	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Statement of Comprehensive Income	£'000	£'000	£'000	£'000
Turnover	48,102	50,949	54,793	55,373
Total comprehensive (deficit) / surplus for the year	1,261	(10,704)	(713)	(6,435)
Statement of Financial Position				
Housing properties	133,423	139,083	151,947	150,347
Other fixed assets	145	378	604	781
Investment properties	800	800	800	800
Investments and cash	25,366	12,431	11,518	15,993
Other net current (liabilities) / assets	(521)	(598)	1,627	814
Creditors due after more than one year	(25,492)	(19,634)	(23,332)	(24,858)
Net Assets	133,721	132,460	143,164	143,877
Capital and Reserves				
Income and expenditure reserves	120,953	120,110	131,385	132,109
Restricted and other reserves	12,768	12,350	11,779	11,768
Total	133,721	132,460	143,164	143,877

Value for Money

The Society recognises the importance of the RSH's Value for Money Standard on its regulated housing provision. However, Supported Housing only represents part of the Society's revenue with the rest comprising care provision and membership services.

After the implementation of the Viability programme and in the light of the effects of the COVID-19 pandemic future targets for the VFM metrics will be reset on the creation of the 3 year plan.

VFM Metrics	2020/21	2019/20	2018/19
1 Reinvestment %	6.2%	6.3%	3.2%
2 New Supply delivered Social Housing Units	0.3%	4.9%	0%
New Supply delivered Non Social Housing Units	0%	0%	0%
3 Gearing %	8.9%	13.4%	15.5%
4 EBITDA/MRI interest cover	(1,849)%	(2,511)%	94%
5 Headline Social Cost per Unit	£25,072	£32,621	£24,230
6 Operating margin %			
- Social Housing lettings only	(25.2)%	(19.9)%	(12.9)%
- Operating margin % - Overall	(9.0)%	(13.9)%	(2.5)%
7 Return on Capital Employed	(2.7)%	(4.7)%	(0.8)%

The current performance for the Society and its related social housing KPIs are shown before the impact of impairment. Where appropriate the impact of impairment is shown in the following commentary.

The Board has reviewed these KPIs taking into account the impact of the increase in voids in 2020/21 due to COVID-19, and the impact of impairment and closure costs on operational results in 2019/20. The conclusion is that both years are exceptional, and therefore the metrics must be viewed in that light.

Value for Money continued

Key metrics impacted by impairment are as follows, showing the results after impairment charges:-

EBITDA/MRI interest cover %

20/21: (2,029)%

19/20: (5,555)%

18/19: 214%

Headline social cost per unit

20/21: £25,072

19/20: £36,433

18/19: £24,021

Operating margin %-Social Housing lettings

20/21: (25.2)%

19/20: (33.1)%

18/19: (11.9)%

Operating margin %-Overall

20/21: (9.0)%

19/20: (25.4)%

18/19: (1.7)%

Return on Capital Employed

20/21: (2.7)%

19/20: (8.5)%

18/19: (0.6)%

The Board set targets for future years during the 3 year planning process while recognising that the headline social cost per unit is much higher than any sector averages due to our concentration in the provision of supported housing for older people.

The RSH has identified some factors which explain higher unit costs across the sector and these include; the provision of supported housing operating in regions with higher wages, the provision of older persons' housing and the proportion of properties requiring investment to maintain quality service both within the Society and to Member Societies.

Within the results for 2020/21 note 5 to the Accounts shows a summary of business stream performance including the absorption of all indirect overheads and costs based on an historical allocation. Excluding fundraising, members income and property sales, net income derived purely from services to residents was

£45.0m (2019/20 £48.2m), split Care £26.8m (2019/20 £27.9m), Social Housing £13.2m (2019/20 £15.0m), and other services £5.0m (2019/20 £5.3m).

A review of business stream EBITDA for Care, Social Housing and other services shows the following performance metrics for EBITDA /net income % :-

- Care 13.0% (2019/20 13.0%)
- Social Housing 30.8% (2019/20 31.7%)
- Other services 29.2% (2019/20 28.8%)

In 2020/21 the Society achieved the following: -

- Kept residents and staff safe during the Covid pandemic.
- Disposed of fourteen properties as part of the Viability programme, generating £13.6m of sales proceeds.
- Commenced the Experience Programme.
- Progressed the development of the extension to the Westall care Home despite interruptions due to Covid-19.
- Secured supply of PPE equipment for deployment in RL and Member Societies
- Completed a successful Staff Engagement survey and was accredited by Best Companies, as one of the top 20 Health and Social care companies to work for.

For 2021/22, the planned actions are as follows:-

- Complete the Experience Programme to improve delivery of services by implementing improved processes and systems which will generate cost savings.
- Complete the development of the extension of the Westall Care Home.
- Reduce void levels in the Care Homes exacerbated by the COVID-19 pandemic and attain optimal levels of occupancy at Southampton.
- Recommence development activity on the Plymouth project.
- Dispose of the remaining 15 properties in the Property Bank.

Value for Money continued

- Deliver on the strategic agenda.
- Establish criteria for application of support fund for Member Societies.
- Recommence major works programme which stalled during the Covid-19 pandemic.
- Stay on top of developments and Government legislation concerning the Covid-19 pandemic.

The Finance Committee also scrutinises the development of the value for money strategy, which supports the five-year corporate strategy.

In addition, the Audit & Risk Committee considers management accounting and audit information in detail, and receives a range of financial health reports, including internal audit reports on the regional structure to ensure it delivers value for money.

There have been no significant control failures in 2020/21. All complaints are investigated and resolved promptly.

Statement of Responsibilities of the Board

The Board is 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 require 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 it is satisfied that they give a true and fair view of the state of affairs of the Society and of the 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 2018" 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 also 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 2019.

The Board is 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 also 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 2018" and FRS 102. The Board is responsible for ensuring that the assets of the Society are properly applied under charity law. The annual report and accounts 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 Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Slavery and human trafficking statement

The Modern Slavery Act 2015 introduced new obligations in relation to slavery and human trafficking. The Society is fully supportive of the legislation as it is in keeping with our ethos and principles. The statement includes compliance for our supply chain partners.

Governance

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 4.

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

The Board, which comprises the company directors, has overall responsibility for the direction, management and control of the Society. Overall operational management is delegated to the Chief Executive and the Executive Committee. The Board adopts the NHF Code of Governance and the Company Secretary and the Executive Committee provide support to the Board in monitoring compliance with the Code.

The Board may comprise up to 15 individuals including the Chair, of whom, at least four must be involved in the Abbeyfield movement in the UK. At least two must be independent and up to two must be involved in Abbeyfield outside the UK. Board members are elected by the Members of the Society. The Board may also co-opt up to four additional individuals.

Applications to be considered for election or appointment to the Board are invited following recruitment and advertising. Candidates are nominated for election by the Remuneration and Nominations Committee having regard to the need for the persons appointed having the necessary range of skills, experience, gender, age and ethnicity.

Board members may hold office for terms of three years terminating at the end of the third Annual General Meeting (AGM) after their election, but can be re-elected to serve up to two further terms of three years calculated in the same way. The Board met seven times formally during the year, with additional sessions to discuss strategy.

Throughout the year, the Board continues to monitor its effectiveness and terms of reference for the various

committees of the Board, to ensure that they are following best practice in the sector. Board members are encouraged to acquaint themselves with all aspects of the Society, particularly operational matters. The Executive Committee holds no financial interest in the Society, except for their remuneration arrangements, and act as executives within the authority delegated to them 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).

Directors Duties and section 172 reporting

The Directors of the Society must act in accordance with a set of general duties embodied in section 172 (1) (a-f) of the Companies Act 2006 (1), summarised as follows:

A Director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the company.

Governance continued

As part of the induction process, Directors are briefed on their duties, including the long-term stewardship of the Society to ensure it delivers against its strategic objectives as set out in the Operating and Financial review. The Board monitors the impact of its decisions against the long-term financial plan on an annual basis, and more often if the situation demands. We operate to a strategic plan that involves setting both operational and financial targets that address our charitable objectives as set out in the Report of the Board.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we conduct our business.

We work in collaboration with a variety of suppliers, social housing partners, voluntary and charitable organisations and local councils. We value their support, and look to foster long-term relationships based on mutual trust.

We engage with our customers in various ways, including customer surveys and a robust complaint management process.

The impact of our operations on the community and environment are widespread and varied. The Report of the Board and Operating and Financial review set out some of our recent achievements. Our impact on the environment is set-out in the Streamlined Energy Carbon Report (SECR) following.

As a charity our reputation for high standards is essential to how we work. To ensure we meet the highest standards, we have policies on fraud, anti-bribery and a whistleblowing policy which encourages colleagues to raise issues of suspected malpractice. The Audit & Risk Committee also receives reports if issues are raised.

Streamlined Energy Carbon Report (SECR)

The SECR framework is a mandatory UK-wide reporting scheme to improve transparency and help reduce carbon emissions. The carbon footprint table below reflects activity across the Abbeyfield Society estate converted into carbon emissions using published DEFRA emission factors.

Consumption		2020/21	2019/20
Mileage	KWh	TCO ₂ e	TCO ₂ e
Electric	5,944,551	1,518	1,470
Gas	21,482,214	3,950	3,854
Transport	233,619	69	223
Total		5,537	5,547

The data reflects a small overall reduction in emissions (tonnes of CO₂ equivalent) due to the significant reduction in mileage in 2020/21 due to the pandemic. We define our emissions in relation to our annual turnover to generate an intensity ratio (TCO₂e/£m) which we use to compare our performance over time.

Our “intensity” ratio is calculated at 115 TCO₂e/£m (2020: 109). The increase is due to the lower turnover (5.7%) as a result of higher voids in an exceptional year.

Governance continued

National Housing Federation (“NHF”) Code of Governance

The Society has adopted the 2015 NHF Code of Governance. Until 26th November 2020, it diverged from the Code in one regard, which was that The Abbeyfield Society had 13 Board members rather than the Code’s recommended maximum of 12. This was however compliant with the Society’s constitution which requires representation of both UK and international membership on the Society’s Board and is a reflection of the Society’s role as part of the wider Abbeyfield organisation. One Board member retired at the AGM on 26th November 2020, and therefore the Society is now in compliance with the Code in this regard.

We have plans to review our arrangements to ensure compliance against the new 2020 NHF Code of Governance during the coming year.

Charity Governance Code

The Society adheres to the principles of the 2020 Charity Governance Code.

Resident involvement

We actively encourage the involvement of residents and their families involvement in decision-making by promoting forums where they can contribute to make decisions that affect them. We also carry out a Residents’ Survey annually to measure satisfaction with Care, Housing and Care at Home services to obtain feedback.

Risk framework

The process for identifying, evaluating and managing risks, and related risk appetite, 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 (ref Risk Management section in Report of the Board on page 12).

Board committees

The following committees have been established by the Board:

- **Audit & Risk Committee:** its purpose is to review and approve the financial statements and recommend them to the Board. It also receives reports from internal and external auditors, reviews Audit & Risk management activities across the Society and delivers an annual assessment of the quality of the internal control environment and the effectiveness of risk and audit systems to the Board. It actively monitors risk management activity across the Society to ensure consistent and effective usage of internal systems, and identifies trends and aggregate risks
- **Finance and Operations Committee:** its purpose is to monitor the Society's financial performance and approve budgets and cash resources, new developments and operational effectiveness and value for money;
- **Quality Committee:** its purpose is to monitor and report on a range of compliance issues including safeguarding, and to identify learning and good practice;
- **Remuneration and Nominations Committee:** its purpose is to review and set the remuneration of the Chief Executive Officer and Finance Director, to consider and recommend to the Board any changes to the remuneration of other employees within the society and to support the Board on governance arrangements and the optimal composition of the Board, including recruitment of new Board members;
- **Property Committee:** its purpose is to ensure that Property transactions are completed in accordance with S.119 of the Charities Act 2011 and represent value for money for the Society.
- **Members Committee:** this was suspended on 15.12.20 and superseded by the

Governance continued

Programme Steering Committee set up by the Board to manage the various strategic working groups.

The Chairpersons of the committees report back to the Board. The Board receives reports from its committees at all Board meetings.

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 ongoing 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. From March 2018, Mazars have provided an internal audit function.

The Board reviews and approves budgets, business plans and risk management, and monitors results against them. Delegated authority is in place for incurring and approving expenditure, with formal involvement of the Board for larger transactions. Regular monitoring by the Board of financial performance and achievement of other principle 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.

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

The Board cannot delegate ultimate responsibility for the system of internal control, but it delegates day to day responsibility to the Audit & Risk Committee to review on a regular basis the effectiveness of the system of internal control. The Audit & Risk 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. The Board receives minutes of all meetings of the Audit & Risk 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, and delegates responsibility to the Audit & Risk Committee to ensure the arrangements and controls are appropriate.

Fundraising

Section 162A of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as soliciting or otherwise procuring money or other property for charitable purposes. Such amounts receivable are presented in our accounts as voluntary income and include legacies and grants.

Governance continued

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is registered with the Fundraising Regulator and is a member of the Institute of Fundraising and conforms to their codes of practice, particularly with relevance to the General Data Protection Regulation (GDPR).

We have received no complaints in relation to fundraising activities. The Society terms of employment require staff not to approach individuals for funds. We do not consider it necessary to design specific procedures to monitor such activities.

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.

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:

- 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.
- 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, and has identified a framework for continuously monitoring risk and risk mitigations.

Governance continued

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, as noted on page 8.

The benefits must be related to the objectives of the charity. The Society's strategic plan is related to and intended to further the Society's charitable objects.

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 confirm that they have taken into account the Charity Commission's guidance on public benefit where applicable.

Annual General Meeting

The Annual General Meeting will be held on Thursday 16th September 2021.

External auditors

A resolution for the appointment of Crowe U.K. LLP as auditors is proposed at the Annual General Meeting.

The report of the Board was approved by the Board on 10th August and signed on its behalf by:



Ian Plaistowe

Chair

10th August 2021

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

Opinion

We have audited the financial statements of The Abbeyfield Society ('the Society') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the consolidated and Society statements of comprehensive income, the consolidated and Society statement of financial position, the consolidated statement of cash flows, the consolidated and Society statement of changes in reserves and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Society's affairs as at 31 March 2021 and of the group's 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 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial

statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board member with respect to going concern are described in the relevant sections of this report.

Other information

The Board are responsible for the other information contained within the Report of the Board. The other information comprises the information included in the Report of the Board, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Report of the Board, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of the Board have been

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

prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the Society and their environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board, incorporating the Strategic Report.

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

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board members responsibilities statement set out on page 22, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Society and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Housing and Regeneration Act 2008 together with the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Housing SORP 2018 (Statement of Recommended Practice for registered social housing providers). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Society's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Society and the group for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing and the Care Quality

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

continued

Commission, health & safety legislation, employment legislation and General Data Protection Regulations (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board members and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental, care and legacy income, the capital costs of development, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Regulator of Social Housing and Care Quality Commission, substantive testing of key income streams, substantive testing of development expenditure and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required

by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Society's members, as a body, in accordance 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.



Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London, UK

Date: 19th August 2021

Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 March 2021

	Note	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000
Turnover	4	45,810	2,292	48,102	46,146	4,803	50,949
Operating costs		(48,507)	(3,934)	(52,441)	(49,590)	(8,263)	(57,853)
Impairment	16,20	-	-	-	(3,444)	(2,977)	(6,421)
Total Operating Costs	4	(48,507)	(3,934)	(52,441)	(53,034)	(11,240)	(64,274)
Operating (deficit)/ surplus	4,8	(2,697)	(1,642)	(4,339)	(6,888)	(6,437)	(13,325)
Surplus/(deficit) on disposal of Housing Properties	12	-	5,202	5,202	-	2,761	2,761
Other interest receivable and similar income	13	257	-	257	184	-	184
Interest and financing costs	14	(142)	(1)	(143)	(186)	(25)	(211)
Movement in fair value of investments	22	284	-	284	(113)	-	(113)
(Deficit) / surplus before taxation		(2,298)	3,559	1,261	(7,003)	(3,701)	(10,704)
Taxation	15	-	-	-	-	-	-
(Deficit)/surplus after taxation and total comprehensive (expense) / income for the year		(2,298)	3,559	1,261	(7,003)	(3,701)	(10,704)

The notes on pages 37 to 56 form part of these financial statements

Financial Statements

Society Statement of Comprehensive Income for the year ended 31 March 2021

	Note	Continuing operations 2021 £'000	Discontinued operations 2021 £'000	Total 2021 £'000	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000
Turnover	4	45,808	2,292	48,100	46,469	4,803	51,272
Operating costs		(48,475)	(3,934)	(52,409)	(49,602)	(8,263)	(57,865)
Impairment	16,20	-	-	-	(3,444)	(2,977)	(6,421)
Total Operating Costs	4	(48,475)	(3,934)	(52,409)	(53,046)	(11,240)	(64,286)
Operating (deficit)/ surplus	4,8	(2,667)	(1,642)	(4,309)	(6,577)	(6,437)	(13,014)
Surplus/(deficit) on disposal of Housing Properties	12	-	5,202	5,202	-	2,761	2,761
Other interest receivable and similar income	13	257	-	257	185	-	185
Interest and financing costs	14	(142)	(1)	(143)	(186)	(25)	(211)
Movement in fair value of investments	22	284	-	284	(113)	-	(113)
(Deficit) / surplus before taxation		(2,268)	3,559	1,291	(6,691)	(3,701)	(10,392)
Taxation	15	-	-	-	-	-	-
(Deficit) /surplus before and after taxation and total comprehensive (expense) / income for the year		(2,268)	3,559	1,291	(6,691)	(3,701)	(10,392)

The notes on pages 37 to 56 form part of these financial statements

Financial Statements

Consolidated and Society Statements of Financial Position at 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Fixed assets					
Tangible fixed assets - housing properties	16	133,423	139,083	134,676	140,280
Tangible fixed assets - other	17	145	378	145	378
Investment properties	18	800	800	800	800
		134,368	140,261	135,621	141,458
Current assets					
Properties held for sale	20	1,945	1,036	1,997	1,097
Debtors - receivable within one year	21	2,822	2,976	2,811	2,807
Debtors - receivable after one year	21	4,829	5,690	4,829	5,690
Investments	22	1,675	1,391	1,675	1,391
Cash and cash equivalents		23,691	11,040	23,615	10,742
		34,962	22,133	34,927	21,727
Creditors: amounts due within one year	23	(10,117)	(10,300)	(10,085)	(9,871)
Net current assets		24,845	11,833	24,842	11,856
Total assets less current liabilities		159,213	152,094	160,463	153,314
Creditors: amounts after more than one year	24	(25,492)	(19,634)	(25,492)	(19,634)
Net assets		133,721	132,460	134,971	133,680
Capital and reserves					
Income and expenditure reserve		120,953	120,110	122,203	121,330
Restricted reserve		12,768	12,350	12,768	12,350
Total Capital and reserves		133,721	132,460	134,971	133,680

The financial statements were approved by the Board and authorised for issue on 10th August 2021 and signed on their behalf by:



Ian Plaistowe
Chairman

The notes on pages 37 to 56 form part of these financial statements

Financial Statements

Consolidated statement of Cash Flows for the year ended 31 March 2021

		2021 £'000	2020 £'000
Cash flows from operating activities			
(Deficit) / surplus for the financial year		1,261	(10,704)
Adjustments for:			
Impairment of housing properties	8	-	5,872
Depreciation of fixed assets - housing properties	16	2,671	2,569
Accelerated depreciation on disposal of components	5	220	348
Impairment of current assets	8	-	549
Depreciation of fixed assets - other	17	225	263
Amortisation of grant	5	(125)	(167)
Movement in fair value of investments	22	(284)	113
Interest payable and finance costs	14	143	211
Interest received	13	(257)	(184)
(Surplus)/ Deficit on the disposal of fixed assets	12	(5,202)	(2,761)
Decrease/(increase) in trade and other debtors	21	155	1,001
(Increase)/decrease in properties held for sale	20	(150)	473
Increase / (decrease) in creditors including Revolving Credit Facility		4,515	182
Net cash (outflow)/inflow from operating activities		3,172	(2,235)
Cash flows from investing activities			
Transaction costs for sale of housing properties	12	(315)	(179)
Grant repaid		(1,205)	(5,179)
Proceeds from sale of fixed assets - housing properties	12	13,579	17,125
Purchase of fixed assets - housing properties	16	(3,554)	(8,452)
Purchase of fixed assets - other	17	-	(37)
Receipt of grant and other movements	25	-	12
Net loan repayments from/(advances) to member societies		860	(2)
Interest received	13	257	184
Net cash used in investing activities		9,622	3,472
Cash flows from financing activities			
Interest paid	14	(143)	(211)
Net cash (outflow)/inflow by financing activities		(143)	(211)
Net increase/(decrease) in cash and cash equivalents		12,651	1,026
Cash and cash equivalents at beginning of year		11,040	10,014
Cash and cash equivalents at end of year		23,691	11,040

The notes on pages 37 to 56 form part of these financial statements

Financial Statements

Consolidated statement of changes in reserves for the year ended 31 March 2021

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 31 March 2020	120,110	12,350	132,460
Surplus / (Deficit) for the year	843	418	1,261
Balance at 31 March 2021	120,953	12,768	133,721

Society statement of changes in reserves for the year ended 31 March 2021

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 31 March 2020	121,330	12,350	133,680
Surplus / (Deficit) for the year	873	418	1,291
Balance at 31 March 2021	122,203	12,768	134,971

Consolidated statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 31 March 2019	131,385	11,779	143,164
Surplus / (Deficit) for the year	(11,275)	571	(10,704)
Balance at 31 March 2020	120,110	12,350	132,460

Society statement of changes in reserves for the year ended 31 March 2020

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 31 March 2019	132,293	11,779	144,072
Surplus / (Deficit) for the year	(10,963)	571	(10,392)
Balance at 31 March 2020	121,330	12,350	133,680

The notes on pages 37 to 56 form part of these financial statements

Notes forming part of the Financial Statements for the year ended 31 March 2021

1. LEGAL STATUS

The Group consists of the following three trading entities: The Abbeyfield Society Limited ("The Society", company number 574816), Abbeyfield Properties Limited (company number 9482576) and The Abbeyfield Research Foundation (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 Regulator of Social Housing and the Charity Commission. The Society's registered address is St. Peter's House, 2 Bricket Road, St. Albans, AL1 3JW. 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. The Society is a public benefit entity. These financial statements do not reflect any of the Member Societies 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 registered with the Charity Commission (Charity No. 1167685). 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 The Society 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, "Accounting by Registered Social Housing Providers" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties, as specified in the accounting policies below. 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 Society, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the society;
- Disclosures in respect of the Society'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 Society 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.

Income

The Society's turnover principally comprises residents' charges receivable from homes, annual membership

Notes forming part of the Financial Statements for the year ended 31 March 2021

fees due from Member Societies, donations from third parties and fund-raising activities. The residents' charges are composite amounts covering rent, 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 (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Donations and legacies;
- Membership fees;
- Property sales;
- Market rent.

Turnover from social housing lettings is recognised on delivery of services to end users, as the Society performs its obligations. Income from donations and legacies is accounted for on a receivable basis when it is more likely than not that the economic benefits will flow to the Society and the amount of the income can be measured reliably together with any related costs. Turnover from sale of properties is recognised on legal completion of sales. Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from properties built for sale is recognised at the point of legal completion of the sale.

Service Charges

The Group adopts either fixed or 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 applicable 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.

Tangible Fixed Assets- 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 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.

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 with the exception of components, which are capitalised as they have a life of more than one year.

Housing properties in the course of construction, excluding the estimated cost of the element of shared

Notes forming part of the Financial Statements for the year ended 31 March 2021

ownership properties expected to be sold in first tranche, are included in Tangible Fixed Assets 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.

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
Roofs	50
Kitchen	30
Bathroom	30
Windows and doors	30
Electrical	20
Heating	15
Lifts	15
Furniture and Equipment	10

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 the costs are allocated by square footage.

Tangible Fixed Assets - Other

Other tangible fixed assets are stated at historic cost less accumulated depreciation and any accumulated

impairment losses. Historic 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 Society. The carrying amount of the replaced part is written off. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of Other Tangible Fixed Assets

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 are as follows:

Description	Estimated useful life (Years)
Furniture & equipment	10
Motor vehicles	5
Office furniture	5
Office equipment and computers	3-5

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 below operating surplus/(deficit), in the statement of comprehensive income.

Investment Properties

Investment properties consist of properties not held for social benefit or use in operations. They are properties held to earn rental income or for capital appreciation. They are initially measured at cost and subsequently at fair value as determined by external valuers. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

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 2018.

Notes forming part of the Financial Statements for the year ended 31 March 2021

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, Homes England 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 should be repayable to Homes England with interest.

Any unused recycled capital grant held, is disclosed in the balance sheet under "creditors due after more than one year", except where the property disposal was greater than two years previous and this is disclosed, as creditors due less than 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 Tangible Fixed Assets

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. Some properties have been valued at value-in-use service potential. The Society defines cash generating units at unit level. 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.

Properties Held for Sale

Properties held for sale represent work in progress and completed properties, including housing properties developed for transfer to other registered providers; closed properties received as part of a transfer of undertakings that are held for sale; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as properties held for sale is the estimated cost to be sold as a first tranche.

Properties held for sale are 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 the debtor by appropriate amounts. When assessing the amount to impair it reviews

Notes forming part of the Financial Statements for the year ended 31 March 2021

the age profile of the debt, historic 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 (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised 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 and on deposit with an original maturity of three months or less.

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. Restricted funds arise from either the conditions of the legacy, or surplus from transfer of merging societies, donation of merger of Societies. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

Leased Assets: Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised over the term of the lease as an integral part of the total lease expense.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, 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

Notes forming part of the Financial Statements for the year ended 31 March 2021

the economic viability and expected future financial performance of the asset.

- the anticipated costs to complete on a development scheme are 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, the Board then determines the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the Board's 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.
- Leases are categorised, as operating, or finance leases. The risk and rewards of ownership of the asset have been considered, over the economic life of the new Southampton scheme, not just one lease period of 30 years. The assessment shows that the risks and rewards are predominately with the lessor over the economic life of the site and it is accordingly accounted for as an operating lease.
- Investments (see note 22):
The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments are determined using the valuation provided by Barclays Wealth and Investment Management and Charles Stanley & Co Limited.
- Debtors (see note 21):
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an aging profile basis to consider whether each debt is recoverable.
- Investment properties (see note 18):
Investment properties are valued annually using yield methodology. This uses market rental values capitalised at market capitalisation rate, there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key input into the valuation in the last financial year, which had been retained for the year to 31 March 2021, were:

- Rent payable;
- Net initial yield;
- Location and condition of the property;

Other Key Sources of Estimation Uncertainty:

Tangible Fixed Assets (see note 16) 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 factors. Residual value assessments consider issues such as future and 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

Notes forming part of the Financial Statements for the year ended 31 March 2021

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

		Turnover 2021 £'000	Operating costs 2021 £'000	Operating (deficit) / surplus 2021 £'000
	Note			
Social housing lettings	5	39,568	(49,556)	(9,988)
Activities other than Social Housing Activities				
Affordable rent (Independent Living) and other		3,619	(1,648)	1,971
Membership activity		725	(750)	(25)
International activity		-	(45)	(45)
Deficit from sale of current assets		37	(71)	(34)
Disposal of development properties		-	-	-
Surplus from property disposal		-	-	-
Other		55	(51)	4
Donations and legacies		2,039	(320)	1,719
ICT/Furlough Income		2,059	-	2,059
Total		48,102	(52,441)	(4,339)

		Turnover 2020 £'000	Operating costs 2020 £'000	Operating (deficit) / surplus 2020 £'000
	Note			
Social housing lettings	5	44,649	(59,418)	(14,769)
Activities other than Social Housing Activities				
Market rent (Independent Living) and other		3,867	(2,593)	1,274
Membership activity		752	(620)	132
International activity		-	(84)	(84)
Surplus from sale of current assets		-	(832)	(832)
Disposal of development properties		615	(423)	192
Surplus from property disposal		-	-	-
Other		-	(44)	(44)
Donations and legacies		1,066	(260)	806
ICT/Furlough Income		-	-	-
Total		50,949	(64,274)	(13,325)

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

		Turnover 2021 £'000	Operating costs 2021 £'000	Operating (deficit) / surplus 2021 £'000
	Note			
Social housing lettings	5	39,568	(49,556)	(9,988)
Activities other than Social Housing Activities				
Affordable rent (Independent Living) and other		3,619	(1,648)	1,971
Membership activity		725	(750)	(25)
International activity		-	(45)	(45)
Deficit from sale of current assets		37	(71)	(34)
Disposal of development properties		-	-	-
Surplus from property disposal		-	-	-
Other		-	(19)	(19)
Donations and legacies		2,092	(320)	1,772
ICT/Furlough Income		2,059	-	2,059
Total		48,100	(52,409)	(4,309)

		Turnover 2020 £'000	Operating costs 2020 £'000	Operating (deficit) / surplus 2020 £'000
	Note			
Social housing lettings	5	44,649	(59,418)	(14,769)
Activities other than Social Housing Activities				
Market rent (Independent Living) and other		3,867	(2,593)	1,274
Membership activity		752	(620)	132
International activity		(2)	(84)	(86)
Surplus from sale of current assets		-	(832)	(832)
Disposal of development properties		615	(423)	-
Surplus from property disposal		-	-	-
Other		-	(56)	(56)
Donations and legacies		1,391	(260)	1,131
ICT/Furlough Income		-	-	-
Total		51,272	(64,286)	(13,014)

Notes forming part of the Financial Statements for the year ended 31 March 2021

5. Income and expenditure from social housing lettings - Group

	Care £'000	Supported Housing £'000	Total 2021 £'000	Total 2020 £'000
Income				
Rents net of identifiable service charges	25,897	2,341	28,238	31,749
Service charge income	-	11,205	11,205	12,733
Grant amortisation	125	-	125	167
Turnover from social housing lettings	26,022	13,546	39,568	44,649

Expenditure

Management	(5,978)	(3,124)	(9,102)	(8,535)
Service charge costs	(3,874)	(2,053)	(5,927)	(6,719)
Charges for support services	(20,931)	(6,922)	(27,853)	(31,827)
Routine maintenance	(1,015)	(1,665)	(2,680)	(2,563)
Major repairs expenditure	(360)	(44)	(404)	(250)
Bad debts	101	(90)	11	(142)
Impairment (Housing Properties) 8	-	-	-	(5,872)
Accelerated depreciation	(155)	(65)	(220)	(348)
Depreciation (Housing Properties)	(1,481)	(1,190)	(2,671)	(2,569)
Depreciation (Other Fixed Assets)	(149)	(76)	(225)	(263)
Abortive Costs	(318)	(167)	(485)	(330)
Operating expenditure on social housing lettings	(34,160)	(15,396)	(49,556)	(59,418)
Operating (deficit)/surplus on social housing lettings	(8,137)	(1,850)	(9,988)	(14,769)

Void losses	(6,148)	(2,181)	(8,329)	(7,870)
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5. Income and expenditure from social housing lettings - Society

	Care £'000	Supported Housing £'000	Total 2021 £'000	Total 2020 £'000
Income				
Rents net of identifiable service charges	25,897	2,341	28,238	31,749
Service charge income	-	11,205	11,205	12,733
Grant amortisation	125	-	125	167
Turnover from social housing lettings	26,022	13,546	39,568	44,649

Expenditure

Management	(5,978)	(3,124)	(9,102)	(8,535)
Service charge costs	(3,874)	(2,053)	(5,927)	(6,699)
Charges for support services	(20,931)	(6,922)	(27,853)	(31,847)
Routine maintenance	(1,015)	(1,665)	(2,680)	(2,563)
Major repairs expenditure	(360)	(44)	(404)	(250)
Bad debts	101	(90)	11	(142)
Impairment (Housing Properties) 8	-	-	-	(5,872)
Accelerated depreciation	(155)	(65)	(220)	(348)
Depreciation (Housing Properties)	(1,481)	(1,190)	(2,671)	(2,569)
Depreciation (Other Fixed Assets)	(149)	(76)	(225)	(263)
Abortive Costs	(318)	(167)	(485)	(330)
Operating expenditure on social housing lettings	(34,160)	(15,396)	(49,556)	(59,418)
Operating (deficit)/surplus on social housing lettings	(8,137)	(1,850)	(9,988)	(14,769)

Void losses	(6,148)	(2,181)	(8,329)	(7,870)
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Notes forming part of the Financial Statements for the year ended 31 March 2021

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

	2021	2020
	£'000	£'000
Affordable Rent	3,619	3,867
Total	3,619	3,867

7. Units of housing stock - Group and Society

	2021	2020
	Total	Total
Supported Housing	1,041	956
Residential care home bed spaces	677	718
Affordable Rent	271	281
Total Owned and Managed accommodation	1,989	1,955
Units under construction	130	125
Units owned by the society but managed by others	90	87

8. Operating (deficit)/surplus

	Group	Group	Society	Society
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
This is arrived at after charging:				
Depreciation of housing properties: charge for the year	2,671	2,569	2,671	2,569
Depreciation of other tangible fixed assets	224	263	224	263
Accelerated depreciation	220	348	220	348
Impairment (Housing Properties)	-	5,872	-	5,872
Impairment (Current Assets)	-	549	-	549
Operating lease charges	781	717	781	717
Auditors' remuneration:				
Group accounts	85	113	85	113
Subsidiaries	10	6	10	-
Other audit related assurance	7	8	7	8
Tax advice	20	14	20	14

Notes forming part of the Financial Statements for the year ended 31 March 2021

9. Employees

	Group 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Staff costs (including Executive Management Team) Consist of:				
Wages and salaries	27,759	30,812	27,759	30,812
Social Security Costs	2,062	2,078	2,062	2,078
Cost of defined contribution scheme	876	839	876	839
Total	30,697	33,729	30,697	33,729

Employees 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 2021	Group 2020	Society 2021	Society 2020
Administration	126	125	126	125
Development	4	7	4	7
Housing, Support and Care	969	971	969	971
Total	1,099	1,103	1,099	1,103

10. Board and executive remuneration

None of the members of the Board received any emoluments (2020: £nil). Board expenses for the year were **£7,835** (2020: £29,716).

	Group 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Executive emoluments	1,335	1,242	1,335	1,242
Contributions to money purchase pension schemes	66	66	66	66
Total	1,401	1,308	1,401	1,308

The total amount payable to the Chief Executive post, who was also the highest paid director, in respect of emoluments was £176,741 (2020: £175,039). Employer pension contributions totalling £10,930 were made during the year for a defined contribution scheme which is open to all employees.

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

	Group 2021 number	Group 2020 number	Society 2021 number	Society 2020 number
£60,001 - £70,000	9	6	9	6
£70,001 - £80,000	5	7	5	7
£80,001 - £90,000	3	1	3	1
£90,001 - £100,000	4	1	4	1
£110,001 - £120,000	-	1	-	1
£120,001 - £130,000	1	-	1	-
£130,001 - £140,000	1	-	1	-
£140,001 - £150,000	-	1	-	1
£170,001 - £180,000	1	2	1	2

Notes forming part of the Financial Statements for the year ended 31 March 2021

11. Board/Committee Members

Board/Committee Member	Member of:						
	Remuneration & Nominations Committee	Members Committee	Audit and Risk Committee	Finance & Operations Committee	Quality Committee	Group Board	Property Committee
Ian Plaistowe	✓	✓		✓		✓	
Jenny Lawrence		✓	✓			✓	
Chris Smith	✓					✓	✓
Andre Decraene		✓	✓			✓	
Norman Greville				✓		✓	✓
Amanda Houlihan	✓	✓		✓	✓	✓	
Jeff Medlock				✓		✓	✓
Rt. Rev Dr Stephen Venner	✓			✓		✓	
Sara Beamand					✓	✓	
Andrew Larpent					✓	✓	
Cedric Meiring						✓	
Ken Staveley						✓	
Brian Williams						✓	

12. Surplus on disposal of Fixed Assets - Group and Society

	2021 £'000	2020 £'000
Disposal proceeds	13,579	17,125
Cost of disposals	(5,867)	(13,210)
Selling costs	(315)	(179)
Grant recycled	(2,195)	(975)
Total	5,202	2,761

13. Interest receivable and income from investments - Group and Society

	Group 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Abbeyfield member societies	117	176	117	176
Interest receivable	140	8	140	9
Total	257	184	257	185

14. Interest payable and similar charges - Group and Society

	Group 2021 £'000	Group 2020 £'000	Society 2021 £'000	Society 2020 £'000
Bank Loans and overdrafts	142	179	142	179
Recycled capital grant fund	1	32	1	32
Total	143	211	143	211

15. Taxation

The Abbeyfield Society is a registered charity and is therefore potentially exempt from taxation of its income and gains to the extent that they fall within Part ii of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Acts 1992. No tax charge has arisen in the year.

Notes forming part of the Financial Statements for the year ended 31 March 2021

16. Housing properties - Group

	Care, Housing and Independent Living completed £'000	Care, Housing and Independent Living under construction £'000	Shared ownership completed £'000	Total £'000
Cost:				
As at 31 March 2020	155,887	12,450	793	169,130
Additions:				
Construction Costs	-	1,982	-	1,982
Additions to completed Schemes	-	-	-	-
Replaced components	1,573	-	-	1,573
Transferred to Care under Construction	(497)	-	-	(497)
Component disposal	(389)	-	-	(389)
Closed property disposal	(10,451)	-	-	(10,451)
Construction assets completed during the year	4,283	(4,283)	-	-
As at 31 March 2021	150,406	10,149	793	161,348
Depreciation:				
As at 31 March 2020	19,436	-	-	19,436
Charge for the year	2,671	-	-	2,671
Eliminated on disposals: components	(161)	-	-	(161)
Eliminated on disposals: other	(1,828)	-	-	(1,828)
As at 31 March 2021	20,118	-	-	20,118
Impairment:				
As at 31 March 2020	10,611	-	-	10,611
Charge for the year	-	-	-	-
Reversed prior year impairment	-	-	-	-
Released in the year at sale	(2,804)	-	-	(2,804)
As at 31 March 2021	7,807	-	-	7,807
Net book value at 31 March 2021	122,481	10,149	793	133,423
Net book value at 31 March 2020	125,840	12,450	793	139,083

16. Housing properties - Society

	Care, Housing and Independent Living completed £'000	Care, Housing and Independent Living under construction £'000	Shared ownership completed £'000	Total £'000
Cost:				
As at 31 March 2020	155,887	13,647	793	170,327
Additions:				
Costruction Costs	-	2,038	-	2,038
Additions to completed Schemes	-	-	-	-
Replaced components	1,573	-	-	1,573
Transferred to Care under Construction	(497)	-	-	(497)
Component disposal	(389)	-	-	(389)
Closed property disposal	(10,451)	-	-	(10,451)
Construction assets completed during the year	4,283	(4,283)	-	-
As at 31 March 2021	150,406	11,402	793	162,601
Depreciation:				
As at 31 March 2020	19,436	-	-	19,436
Charge for the year	2,671	-	-	2,671
Eliminated on disposals: components	(161)	-	-	(161)
Eliminated on disposals: other	(1,828)	-	-	(1,828)
As at 31 March 2021	20,118	-	-	20,118
Impairment:				
As at 31 March 2020	10,611	-	-	10,611
Charge for the year	-	-	-	-
Reversed prior year impairment	-	-	-	-
Released in the year at sale	(2,804)	-	-	(2,804)
As at 31 March 2021	7,807	-	-	7,807
Net book value at 31 March 2021	122,481	11,402	793	134,676
Net book value at 31 March 2020	125,840	13,647	793	140,280

Notes forming part of the Financial Statements for the year ended 31 March 2021

16. Housing properties - Society continued

	Group 2021 £'000	Society 2021 £'000	Group 2020 £'000	Society 2020 £'000
Freehold	131,510	132,763	137,886	139,083
Long leasehold	1,913	1,913	1,197	1,197
Total	133,423	134,676	139,083	140,280
Works to properties included above				
Improvements to existing properties capitalised	1,573	1,573	1,932	1,932
Major repairs expenditure	263	263	79	79
Total	1,836	1,836	2,011	2,011
Capital grant - Housing Properties in Reserves				
As at 1 April 2020	27,465	27,465	29,660	29,660
Capital grant - Housing Properties in creditors	15,691	15,691	15,740	15,740
Recycled Capital Grant Fund	5,459	5,459	4,544	4,544
Total	48,615	48,615	49,944	49,944

The Society had property with a book value of **£17.6m** pledged as security at 31 March 2021 (2020: £37.1m)

17. Tangible fixed assets - Other - Group and Society

	Fixtures, fittings and furniture £'000	Computer and other office equipment £'000	Total £'000
Cost:			
As at 31 March 2020	688	1,415	2,103
Additions	-	-	-
Disposals	(15)	-	(15)
As at 31 March 2021	673	1,415	2,088
Depreciation:			
As at 31 March 2020	620	1,105	1,725
Charge for the year	17	208	225
Disposals	(7)	-	(7)
As at 31 March 2021	630	1,313	1,943
Net book value at 31 March 2021	43	102	145
Net book value at 31 March 2020	68	309	378

18. Investment properties

Investment properties consist of properties not held for social benefit or for use in the business. Investment properties are measured at the cost on initial recognition. Subsequently they are carried at fair value determined annually and derived from the current market rent and investment property yield for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Group and Society

	Market rent £'000
Cost:	
As at 1 April 2020	800
Revaluation	-
At 31 March 2021	800

The valuations were undertaken by JLL during August 2018 in accordance with the RICS Valuation Global Standards 2017 and the RICS Valuation - Professional Standards 2014 and have been reviewed annually thereafter. In valuing investment properties an investment method of valuation was used. Details of the assumptions made and the key sources of estimation uncertainty are given in note 3.

If investment property had been accounted for under the historic cost accounting rules the properties would have been measured as follows

	Group 2020 £'000	Group 2019 £'000	Society 2020 £'000	Society 2019 £'000
Cost:				
Historic cost	591	591	591	591
Accumulated Depreciation	(139)	(136)	(139)	(136)
At 31 March 2021	452	455	452	455

Notes forming part of the Financial Statements for the year ended 31 March 2021

19. Investments

	Country of incorporation or registration	Voting rights % held	Nominal value of the shares held	Nature of business	Nominal value of the share held
Subsidiary Undertakings					
Abbeyfield Properties Limited	England	100%	£1	Design-and-build	Incorporated company, limited by shares
The Abbeyfield Research Foundation	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%	£nil	Dormant	Incorporated company, limited by guarantee
Abbeyfield Elland Society Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee

All above Subsidiary undertakings are registered at St Peters House, 2 Bricket Road, St Albans, Hertfordshire, AL1 3JW

20. Properties for sale - Group

	Closed properties held for sale £'000	Developed units £'000	2021 Total £'000	2020 Total £'000
Work in progress	-	2,529	2,529	1,683
Completed properties - developed and closed	-	-	-	-
Completed properties - acquired	120	-	120	816
Less: Provision for impairment	-	(704)	(704)	(1,463)
Total	120	1,825	1,945	1,036

20. Properties for sale - Society

	Closed properties held for sale £'000	Developed units £'000	2021 Total £'000	2020 Total £'000
Work in progress	-	2,581	2,581	1,744
Completed properties - developed and closed	-	-	-	-
Completed properties - acquired	120	-	120	816
Less: Provision for impairment	-	(704)	(704)	(1,463)
Total	120	1,877	1,997	1,097

Properties developed for sale do not include capitalised interest.

Notes forming part of the Financial Statements for the year ended 31 March 2021

21. Debtors - Group and Society

	Group	Group	Society	Society
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	313	500	313	500
Less: Provision for doubtful debts	(276)	(417)	(276)	(417)
	37	83	37	83
Abbeyfield member societies	160	76	160	76
Other debtors	769	958	758	790
Prepayments and accrued income	1,856	1,859	1,856	1,858
Total	2,822	2,976	2,811	2,807
Due after one year				
Due from Abbeyfield member societies	4,829	5,690	4,829	5,690

22. Current asset investments - Group and Society

	2021	2020
	£'000	£'000
Opening fair value	1,391	1,504
Additions	-	-
Fair Value Adjustment	284	(113)
Disposals	-	-
Closing fair value	1,675	1,391

All current asset investments are shares held in listed companies which trade on a regular basis. These investments are managed by Barclays Wealth Capital Management and Charles Stanley & Co Limited. Original cost of investment was £1.5m

23. Creditors: falling due within one year - Group and Society

	Group	Group	Society	Society
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	737	1,186	737	1,186
Taxation and social security	250	362	250	362
Other creditors	1,573	1,433	1,541	713
Recycled Capital Grant Fund (note 26)	1,221	1,211	1,221	1,211
Accruals and deferred income	6,336	6,108	5,467	5,333
Amount owed to group undertakings	-	-	869	1,066
Total	10,117	10,300	10,085	9,871

24. Creditors: falling due after one year - Group and Society

	Group	Group	Society	Society
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Deferred capital grant (note 25)	15,690	15,740	15,690	15,740
Recycled Capital Grant Fund (note 26)	4,238	3,332	4,238	3,332
Bank Loan	5,000	-	5,000	-
Other creditors	564	562	564	562
Total	25,492	19,634	25,492	19,634

Notes forming part of the Financial Statements for the year ended 31 March 2021

25. Deferred capital grant - Group and Society

	2021	2020
	£'000	£'000
At 31 March 2020	15,740	18,012
Grants receivable during the year	-	12
Grants recycled from the recycled grant fund	75	186
Amortisation released at sale	-	43
Grant Reversed	-	(2,346)
Released to income during the year	(125)	(167)
Total	15,690	15,740

26. Recycled capital grant fund - Group and Society

Capital grant: relating to

development activities funded by

	HCA	GLA	Total	HCA	GLA	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	2,594	1,949	4,543	4,417	2,102	6,519
Inputs to fund:						
Grants recycled from reserves at point of sale	597	1,599	2,196	136	839	975
Restated Grant Allocated to a property	-	-	-	-	-	-
Transfer to deferred grant	(75)	-	(75)	(150)	-	(150)
Interest accrued	-	-	-	21	11	32
Transfer to Member Society	(230)	-	(230)	(1,830)	-	(1,830)
Repayment to GLA	-	(975)	(975)	-	(1,003)	(1,003)
At 31 March 2021	2,886	2,573	5,459	2,594	1,949	4,543
Included in creditors: amounts due within one year	1,221	-	1,221	236	975	1,211
Included in creditors: amounts due after more than one year	1,665	2,573	4,238	2,358	974	3,332
At 31 March 2021	2,886	2,573	5,459	2,594	1,949	4,543

Notes forming part of the Financial Statements for the year ended 31 March 2021

27. Loans and borrowings - Group and Society

	Bank loans 2021 £'000	Bank loans 2020 £'000
Maturity of debt:		
On demand or within one year	-	-
More than one year and up to two years	5,000	-
Total	5,000	-

The Group has a £5 million Revolving Credit Facility and a £5 million Overdraft facility with Barclays Bank. The facilities are secured by charges on the housing properties of the group.

The Revolving Credit Facility is fully drawn and the full overdraft is available to be drawn. Both facilities end on the 31st December 2023.

Loans are secured by specific charges on the housing properties of the Group, as disclosed in note 16.

	2021 £'000	2020 £'000
Financial assets		
Financial assets measured at fair value:		
Investments	1,675	1,391
Financial assets measured at historic cost:		
Trade receivables	313	500
Other receivables	7,338	8,166
Cash and cash equivalents	23,691	11,040
Total financial assets	33,017	21,097

Financial liabilities

Financial liabilities measured at amortised cost:

Loans payable	-	-
Financial liabilities measured at historic cost:		
Trade creditors	(737)	(1,186)
Other creditors	(8,159)	(7,903)
Total financial liabilities	(8,896)	(9,089)

For cash and cash equivalents, short term deposits, current receivables, current payables and loans payable, the carrying amounts approximate fair value, because of the short maturity of these instruments, and therefore fair value information is not included in the table above.

Notes forming part of the Financial Statements for the year ended 31 March 2021

28. Contingent liabilities

The Group receives grants from Homes England 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 this 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. The amount of grant on properties which are not operational which will be recycled on disposal, where not already accrued is £3,201k.

Through the Abbeyfield Research Foundation, grants are awarded to fund research into issues affecting the care of older people, with the aim of developing practical solutions to improve care. At 31 March 2021 the outstanding commitment made by Abbeyfield Research Foundation is £715k (2019 £642k).

Total Grants in reserves amount to £27.46m (2020 £29.66m).

29. Operating leases - Group and Society

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

	2021 £'000	2020 £'000
Amounts payable as Lessee:		
Within one year	781	781
After one year but within five years	2,996	2,996
After five years	17,289	18,041
Total	21,066	21,818

30. Capital commitments - Group and Society

	2021 £'000	2020 £'000
Commitments contracted but not provided for:		
Maintenance	838	202
Construction	11,612	14,030
Commitments approved by the Board but not provided for:		
Maintenance	125	125
Construction	513	528
Total	13,088	14,885

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

Social Housing Grant	1,282	1,282
LA Grant	450	450
New loans	-	-
Sales of properties	4,720	4,720
Donations	200	200
Reimbursement of construction costs	-	350
Existing cash and utilisation of facilities	6,436	7,883
Total	13,088	14,885

Notes forming part of the Financial Statements for the year ended 31 March 2021

31. Related party disclosures

Total charges received from Abbeyfield Properties Limited ("APL") for design-and-build fees amount to £1,611k (2020: £7,184k) that includes 5% mark up by APL. The costs relating to the design-and-build invoices from the contractors amount to £1,535k (2020: £6,842k). APL made a charitable donation to TAS of £54k during the year (2020: £325k).

A grant of £300k (2020: £300k) was made to Abbeyfield Research Foundation ("ARF") by the Society during the year.

During the year costs of £750k (2020: £620k) were incurred as part of the society's support for member societies. This includes a nominal allocation of central costs of £0k. (2020:£85k). The real costs of supporting the Member Societies are estimated to exceed £1m, but it is not considered reasonable to reflect such an estimate in the allocation.

Three of the Society's trustees are also Chairs of Member / International Societies and as such transactions with these member / international societies are considered to be related parties.

The trustees and their relevant Societies and transactions of membership fees are as follows:

Name	Society	Value of transactions
Jeff Medlock - Vice Chairman	Abbeyfield Beaconsfield Society	£10,376
Andre Decraene	Abbeyfield Belgium	£1,264
Cedric Meiring	Abbeyfield South Africa	£1,404

Notes forming part of the Financial Statements for the year ended 31 March 2021

32. Business combinations

No businesses were transferred to the Society during the current year

33. Post Balance Sheet Events

Since the end of the financial year, the freehold interests in 3 properties were sold and funds received of £1.22m.

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