ABBEYFIELD NORTHUMBRIA

England & Wales · Charity number 222742

Details

Other names	THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
Status	Registered
Legal form	Charitable company
Company number	00702983
Registered	1963-08-22
Register	View on the Charity Commission register

Contact

Address	Abbeyfield Northumbria Head Office 40A The Grove Gosforth Newcastle Upon Tyne NE3 1NH
Phone	01912857174
Email	info@abbeyfieldnorthumbria.org.uk
Website	www.abbeyfieldnorthumbria.org.uk

Activities

Objects: TO RELIEVE AGED IMPOTENT AND POOR PEOPLE OF ALL CLASSES, FOR THE ADVANCEMENT OF RELIGION AND EDUCATION, AND FOR OTHER CHARITABLE PURPOSES BENEFICIAL TO THE COMMUNITY.

Activities: The principal activity of the Society is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Accommodation/housing
- **Who:** Elderly/old People

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Geography

- **Area of benefit:** NEWCASTLE UPON TYNE
- Newcastle Upon Tyne City
- Northumberland

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	-	-	-	-
2024-01-31	£4,437,650	£2,817,710	£6,324,421	69
2023-01-31	£2,214,422	£2,323,777	£4,704,481	57
2022-01-31	£2,031,692	£2,024,136	£4,879,087	58
2021-01-31	£2,011,565	£1,977,095	£4,762,051	60
2020-01-31	£1,959,526	£1,853,939	£4,581,260	60

Trustees

Name	Role	Appointed
ANTHONY WILLIAM KAY		2023-10-25
Alexandra Jane Craig		2025-09-24
BRIAN DUELL		2023-10-25
Bryan John Ellis		2023-10-25
CAROLE LESLEY EKE JP, BEd		2023-10-25
Deirdre Fawcett		2025-11-07
Elizabeth Alexander		2025-09-24
GEOFFREY MARK HODGSON		2025-09-24
John Crawford Woodman		2023-10-25
VERA ROSE WILKINSON		2023-10-25

Linked charities

- THE ARMSTRONG HOME (222742-1)

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ABBEYFIELD NORTHUMBRIA

England & Wales - Charity number 222742

Accounts

Registration number: 00702983

Homes England number: H0560

Charity Number: 222742

Abbeyfield Northumbria

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 January 2024

Abbeyfield Northumbria

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Abbeyfield Northumbria

Company Information

Registered office	40A The Grove Gosforth Newcastle upon Tyne NE3 1NH
Board of Trustees	V R Wilkinson B Duell C L Eke A W Kay P F Porter M Anderson E M A Hardie J A Thompson J C Woodman B J Ellis R R Baker-Cresswell
Chief Executive	Mr P Standfield

Key Management Personnel
The board consider the following to be the company's Key Management Personnel.

Mr P Standfield – CEO (appointed August 2023)
Mr J Connelly – CEO (resigned July 2023)
Mrs K Brown – Manager, The Grove Care Home
Mrs C A Major – Manager, Castle Farm Care Home
Mrs H Dixon - Manager, Alnwick Care Home
Mrs P Lingwood - Manager, Bamburgh
Mrs J Payton - Manager, Berwick

Abbeyfield Northumbria

Company Information (continued)

Company secretary	W K Parrish
Bankers	Barclays Bank Plc Gosforth High Street 59 High Street Gosforth Newcastle upon Tyne NE3 4AA
Investment Brokers	Rathbone Investment Management Limited Earl Grey House 75-85 Grey Street Newcastle upon Tyne NE1 6EF CCLA PO Box 12892 Dunmow Essex CM6 9DL
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Abbeyfield Northumbria

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024

The Board of Trustees present their report and the financial statements for the year ended 31 January 2024.

Principal activity
The principal activity of the company is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the ethos and mission of Abbeyfield England.

Members of the Board of Trustees
The Members of the Board of Trustees during the year ended 31 January 2024 were as follows:

V R Wilkinson
B Duell
C L Eke
A W Kay
R MacKintosh (resigned 18 July 2024)
P F Porter
M Anderson
E M A Hardie (appointed 19 July 2023)
J A Thompson (appointed 19 July 2023)
J C Woodman (appointed 19 July 2023)
B J Ellis (appointed 19 July 2023)
R R Baker-Cresswell (appointed 19 July 2023)

Applications for membership of the Board of Trustees are sought by direct correspondence to individuals with relevant experience and skills. Trustees serve for a three year period and may be re-elected thereafter. The Board of Trustees meets six times per year.

Registration of the Company

Abbeyfield Northumbria is a company limited by guarantee, a registered provider of social housing and a registered charity, governed by its articles of association. The company is registered under the Companies Act 2006 and the Housing and Regeneration Act 2008. The company was known as the Abbeyfield Newcastle upon Tyne Society Limited until 6th November 2023. During the year, it merged its activities with three Northumberland-based Abbeyfield Societies as detailed below.

Financial Statements and state of the Company's affairs
The results for the year are shown in the Income and Expenditure Account.

Achievements & Performance

As expected, 2023/24 proved to be both a challenging and transformative year.

After extensive preparatory discussions, we successfully completed the long-awaited and fully consensual "merger" of four former Abbeyfield societies in the North East. This merger was effected separately for each society, as detailed below.

- On 31st July 2023, the Abbeyfield Newcastle Society replaced the former Abbeyfield (Bamburgh) Society Ltd (Company No RS021571) as the sole trustee of the Armstrong Home of Rest, a charity constituted by a Deed of Trust dated 20th March 1925, as modified with Charity Commission consent on 23rd May 1978 and 16th March 1982. This charity was previously registered with the Charity Commission under Charity Number 00225168 but is now formally linked to Abbeyfield Northumbria and registered under Charity Number 222742-1. ;

  The Armstrong Home of Rest charity exists to manage the permanent endowments effected by the original Deed of Trust and ensure that income derived from them is used to meet its charitable object, namely: “the provision of homes for poor, elderly or infirm persons resident in the area of the Counties of Northumberland, Durham and Tyne and Wear all as constituted on the 31st March 1974 with a preference for persons so qualified who are invalid or recovering from sickness.”

- On 30th September 2023, all assets, liabilities and obligations of the Abbey Berwick Society Ltd (Company No 00952071 and Registered Charity No 500464) were passed to the Abbeyfield Newcastle Society by means of a transfer agreement.

- On 6th November 2023, the Abbeyfield Newcastle upon Tyne Society Ltd was formally renamed as Abbeyfield Northumbria. Our former Executive Committee had previously been expanded to permit a total of twelve members, including representatives from each of the merging societies, and was formally renamed as the Board of Trustees upon the adoption of amended Articles of Association that coincided with the change of name.

- On 15th November 2023 all assets, liabilities and obligations of the Abbeyfield North Northumberland Extra Care Society Ltd (Company No IP23673R) in Alnwick were passed to Abbeyfield Northumbria by means of a transfer agreement.

Meanwhile, the operational challenges presented by the post-covid loss of confidence in the care sector combined with staff recruitment difficulties, world-wide inflationary pressures and the increasing age and dependency profiles of our residents to ensure a difficult financial year for each of our homes.

An underlying operating deficit of circa £68,000 and investment of almost £97,000 in merger-related expenses over the year, were offset by an unexpected legacy of over £188,000. This underlying position was further masked by receipt of £1,440,298 of assets on completion of the mergers, to yield an overall surplus of £1,619,940 at the year-end.

With the mergers complete the combined Board of Trustees is confident that Abbeyfield Northumbria will be able to face the challenges of the future with greater confidence than the four predecessor societies would have been able to manage in isolation. The underlying deficit represents less than 3% of our operating revenues and we have over £4m in free unrestricted reserves, which could sustain such deficits for some time, if required. We intend, however, to exploit the economies of scale resulting from our merger in order to optimise our operating costs and maximise our income generation and fundraising opportunities, with a view to achieving a small but sustainable operating surplus over the next few years.

Completing the mergers was only the first step in a lengthy process of integration and harmonisation that will position the company for its sustainable future. This process is already well under way but will require significant investment over the next few years.

The highest priority has been to invest in easing our staffing concerns and reducing the historical dependence on expensive agency staff in our Newcastle homes. One part of this solution has been to register as a visa sponsor for care staff from overseas. This registration was completed in November 2023 and our initial experience of the overseas staff we now employ has been very positive. A further key decision has been to introduce a more generous package of employee assistance and wellbeing support that will be rolled out in the latter half of 2024.

Reducing the financial impact of voids in each of our houses remains a key priority, which we are now free to tackle more pro-actively with the merger process behind us. A series of planned premises upgrades on each of our sites has therefore been included in our budgeting for 2024/25, along with a strategic approach to upgrading our information management systems and some initiatives to maximise the revenue generated from available rooms between longer-term residencies.

The proposed premises investments will be informed by detailed condition surveys of each of our properties. These will be undertaken during 2024 and used to refine our budgetary provision for routine maintenance, planned preventative maintenance and unscheduled repairs. Once this work is complete, we will consider the creation of designated funds for planned and unscheduled maintenance, which will also recognise our obligation to maintain an Extraordinary Repair Fund for the Armstrong Home as required by the governing documents of our linked charity.

In parallel with this, we are now also able to resume strategic planning for the eventual replacement of the ageing buildings from which we currently provide services in both Bamburgh and Berwick.

Together, these initiatives will require significant investment of both capital and revenue, but we are confident they will reap longer-term rewards and still leave sufficient reserves to invest in strategic initiatives that will allow us to bring improve the lives of a wider range of beneficiaries in years to come. The Board of Trustees therefore has no hesitation in presenting its accounts for 2023/24 on a going concern basis.

Despite the significant change agenda, our staff team continued to perform magnificently throughout the reporting. Understandably nervous about what the future might hold prior to the mergers, they continued to maintain the professional approach to business-as-usual that characterised each of the four predecessor societies. The continuing pressures and recruitment difficulties across the whole care sector have taken their toll on morale from time to time, but we are optimistic that our improved employee assistance and wellbeing package will help to make Abbeyfield Northumbria even more successful in attracting the high-quality staff it needs in each local area.

Our residents have been largely unaffected by the merger activity behind the scenes and have continued to enjoy the high standard of accommodation, food, activities and care that we aim to deliver at each of our sites. Regular feedback was received both via day-to-day contact and more formal periodic residents' meetings and used to improve the service quality wherever appropriate. With the merger complete, we will be working during 2024/25 to harmonise our approach to seeking and acting upon residents' feedback and introducing a more structured approach to monitoring residents' satisfaction in each of our homes.

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024 (continued)

2023/24 was also a transformative year for the Abbeyfield movement in the UK, as it prepared to reconfigure the way in which it supports the many and varied Abbeyfield societies around the country. The newly merged Abbeyfield Northumbria is now one of the larger organisations in the Abbeyfield movement across northern England and fully supports the evolution of Abbeyfield England in its new role as a membership society. In this capacity, our senior staff maintain regular contact with Abbeyfield homes throughout the country, in order to share experience and expertise and maximise the impact we can have on the lives of older people.

Overall, we are delighted to have brought our own recent merger to a successful conclusion during 2023/24 and can now face the current sector-wide challenges with greater confidence. We are committed to sustaining and improving the quality of the services we provide to our current beneficiaries across Newcastle and Northumberland and determined to secure a sustainable long-term operating surplus and use our healthy financial reserves to maximise the positive impact we can have on the lives of older people long into the future.

Governance
The Board of Trustees adhere to the principal recommendations of the National Housing Federation's code of governance insofar as these are considered applicable to an organisation of this size.

The Finance & Risk Committee operates under specific terms of reference which delegate certain functions from the Board of Trustees.

The Finance & Risk Committee meets six times a year. All decisions of the Finance & Risk Committee are required to be ratified by the Board of Trustees. The CEO and House Managers are delegated authority from the Board of Trustees for the responsibility of the day to day running of the respective Houses.

Risk Management
The major risks, to which the company's exposed, as identified by the Board of Trustees, have been reviewed and systems have been established to mitigate those risks.

Value for money

Each of our predecessor societies had sought to embed a value-for-money culture prior to the merger and recognised the additional value that could be delivered through economies of scale by combining to form a single organisation. Unlocking this additional value is a key focus of the integration and harmonisation programme outlined above.

Good progress has already been made by rationalising back-office accounting, payroll and administrative systems. Consideration is now being given to centralised procurement of common services wherever this is practicable, and we have commissioned a detailed review of our physical estate, with a view to adopting a more strategic and coherent approach to maintenance requirements across all sites.

Continuing to get best value from our resources is essential to ensure we can continue to deliver quality care and invest in the accommodation offered to our residents where necessary to maintain this.

Operationally, we are already seeing benefits from closer collaboration and sharing of expertise between senior staff in each location. Over time, we will extend this to other staff groups and introduce greater flexibility for employees to work more flexibly across sites, where this is both desired and practicable.

The Board of Trustees is committed to ensuring that value for money is considered in decision-making at all levels, in order to provide the highest quality care that can be delivered from the resources available. To assist in monitoring this, we have revised the committee structure through which the Board gains assurance around the quality of service delivery and are developing a more structured approach to continuous improvement across all sites

	2024	2023
Reinvestment	0.0%	0.0%
New Supply Delivered – Social Housing Units %	-	-
New Supply Delivered – Non-social Housing Units	-	-
Gearing	0.0%	0.0%
EBITDA MRI Interest Cover	0%	0%
Headline Social Housing Cost per Unit	£39,996	£41,193
Operating Margin (Social Housing)	-7.08%	-6.89%
Operating Margin (Overall)	-55.01%	-6.94%
Return on Capital Employed	21.37%	-3.0%

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024 (continued)

Statement of public benefit
The Board of Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Board of Trustees consider how planned activities will contribute to the aims and objectives they have set.

The Board of Trustees are committed to furthering the charity's objects primarily by providing high quality care and support to elderly users of the company's facilities. It is the objective of the Board of Trustees each year to maximise the public benefit of the company in providing high quality care and support, having regard to the extent of the company's income and reserves, the cost of facilities and the ability of residents to make payments from their own resources.

Reserves policy
We have in place a formal Reserves Policy which has been reviewed since the merger. This policy requires us to maintain £750,000 of immediately available reserves, which are considered sufficient to cover three months of running costs.

Investment funds are immediately available if they are so required. At year end the free reserves (which are the sum of net current assets less restricted reserves) are £579,278 (2023: £614,623).

As already reported, Rathbones Investment Management are providing the necessary financial management of our two portfolios with monthly reports and monitoring of our account. The emphasis for Rathbones is to deliver income and capital growth for both portfolios. Detailed analysis reports are made available to the Finance & Risk Committee meeting on a bi-monthly basis for onward discussion at the full Board of Trustees meeting.

Financial review
The full details and analysis of our financial performance is set out in the main body of this report. We feel that we are well placed to continue our progress during 2024/25 and beyond.

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024 (continued)

Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2024	2023
(Deficit)/Surplus as % of Total turnover	%	58.28	(5.15)
Occupancy at The Grove	%	88.96	90.50
Occupancy at Castle Farm	%	95.18	96.70
Occupancy at Berwick	%	88.89	
Occupancy at Bamburgh	%	57.30	
Occupancy at Alnwick	%	93.37	
Total Staff costs as % of Total turnover	%	71.95	77.40
Food costs as % of Total turnover	%	5.76	5.40
Light/Heat cost as % of Total turnover	%	4.80	4.90
Voids as % of Housing Income	%	10.00	7.30

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024 (continued)

Internal Control Assurance

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

The Board of Trustees recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the charity's assets and interests.

In meeting its responsibilities, the Board of Trustees has adopted a risk based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the company is exposed.

The process adopted by the Board of Trustees in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks
This process is set out in the company's risk management strategy. The Board of Trustees has identified the significant strategic risks facing the Company and these are reviewed annually by the Board of Trustees.

Monitoring and Corrective Action
The company's risk management strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the Financial Statements.

Control environment and control procedures
The Board of Trustees retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues.

Information and financial reporting systems
Financial reporting procedures cover the preparation of detailed budgets for the year ahead including forecast outturns which are reviewed on a monthly basis, as well as forecasts for subsequent years. These procedures are reviewed and approved by the Board of Trustees

The Board of Trustees confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the company.

Status
The charity is:

A registered charity for tax purposes (No. 222742)

A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives

Registered with the Homes England as a registered provider of social housing (No. H0560)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024 (continued)

Statement of Board of Trustee's Responsibilities

The Board of Trustees acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board of Trustees to prepare financial statements for each financial year. Under that law the Board of Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board of Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board of Trustees 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing and Regeneration Act 2008, The Housing SORP2018 and the accounting direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Trustees acknowledges its ultimate responsibility for ensuring that the company has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- The reliability of financial information used within the company or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Board of Trustees to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board of Trustees to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- All investment projects are subject to formal authorisation procedures by the Board of Trustees;

Report of the Board (including Strategic Report) for the Year Ended 31 January 2024 (continued)

- The Board of Trustees reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the company.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Trustees has reviewed the effectiveness of the system of internal financial control in existence in the company for the year ended 31 January 2024. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

Disclosure of information to the auditor
The Board of Trustees has taken steps that they ought to have taken as a Board of Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The Board of Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Statement of compliance
The board confirms that this Report of the Board (including Strategic Report) has been prepared in accordance with the principles set out in Para 4.7 of the Housing SORP 2018 Update for Registered Social Housing Providers.

Approved by the Board on ..... and signed on its behalf by:

.....
V R Wilkinson
Chair of Trustees

Abbeyfield Northumbria

Independent Auditor's Report to the Members of Abbeyfield Northumbria

Opinion
We have audited the financial statements of Abbeyfield Northumbria (the 'company') for the year ended 31 January 2024, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of 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), the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2024 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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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 company 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 directors' 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Independent Auditor's Report to the Members of Abbeyfield Northumbria (continued)

Other information
The Board of Trustees are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 course of 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report to the board.

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

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

Responsibilities of directors
As explained more fully in the Board of Trustees responsibilities (set out on page 7 and 8), the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Abbeyfield Northumbria (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

• Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;

• Reviewing board minutes;

• Challenging assumptions and judgements made by management in their significant accounting estimates; and

• Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); Care Quality Commission; and compliance with the UK Companies Act and the Housing and Regeneratiion Act 2008.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Independent Auditor's Report to the Members of Abbeyfield Northumbria (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of
Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date:.....

Azets Audit Services is a trading name of Azets Audit Services Limited

Abbeyfield Northumbria

Statement of Comprehensive Income for the Year Ended 31 January 2024

	2024 £	2023 £
Turnover	2,631,406	2,123,319
Operating expenses	(2,817,710)	(2,306,826)
Other operating income	1,633,843	33,795
Operating surplus/(deficit)	1,447,539	(149,712)
Gain/(loss) on financial assets at fair value through profit and loss account	12,465	(16,951)
Income from other fixed asset investments	69,648	56,956
Other interest receivable and similar income	3,877	352
Surplus/(deficit) for the financial year	1,533,529	(109,355)
Gain on revaluation of other assets	86,411	(65,251)
Total comprehensive income/(deficit) for the financial year	1,619,940	(174,606)

The above results were derived from continuing operations.

Included within other operating income is an amount of £1,440,298 relating to the transfer of assets from the newly merged organisations.

Approved and authorised by the Board on ..... and signed on its behalf by:

.....
V R Wilkinson
Chair of Trustees

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Northumbria

(Registration number: 00702983)
Statement of Financial Position as at 31 January 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	10	2,563,622	1,564,984
Investments	11	3,561,478	2,721,448
		6,125,100	4,286,432
Current assets			
Debtors	12	134,101	169,350
Investments	13	195,811	332,628
Cash at bank and in hand		573,295	369,267
		903,207	871,245
Creditors: Amounts falling due within one year	14	(253,471)	(186,164)
Net current assets		649,736	685,081
Total assets less current liabilities		6,774,836	4,971,513
Creditors: Amounts falling due after more than one year	14	(450,415)	(267,032)
Net assets		6,324,421	4,704,481
Capital and reserves			
Revaluation reserve	18	311,759	225,348
Restricted reserves	18	70,458	70,458
Unrestricted reserves	18	5,942,204	4,408,675
Total equity		6,324,421	4,704,481

Approved and authorised by the Board on ..... and signed on its behalf by:

.....
V R Wilkinson
Chair of Trustees

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Northumbria

Statement of Changes in Equity for the Year Ended 31 January 2024

	Revaluation reserve £	Restricted reserve £	Unrestricted reserve £	Total £
At 1 February 2022	290,599	78,772	4,509,716	4,879,087
Total comprehensive deficit	(65,251)	-	(109,355)	(174,606)
Transfers	-	(8,314)	8,314	-
At 31 January 2023	225,348	70,458	4,408,675	4,704,481

	Revaluation reserve £	Restricted reserve £	Unrestricted account £	Total £
At 1 February 2023	225,348	70,458	4,408,675	4,704,481
Total comprehensive income	86,411	-	1,533,529	1,619,940
At 31 January 2024	311,759	70,458	5,942,204	6,324,421

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Northumbria

Statement of Cash Flows for the Year Ended 31 January 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Surplus/(deficit) for the year		1,533,529	(109,355)
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(14,794)	(14,856)
Depreciation and amortisation	6	94,770	81,278
Finance income		(73,525)	(57,308)
		1,539,980	(100,241)
Working capital adjustments			
Decrease/(increase) in debtors	12	35,249	(82,401)
Increase/(decrease) in creditors	14	67,307	(4,902)
Net cash flow from operating activities		1,642,536	(187,544)
Cash flows from investing activities			
Interest received		73,525	57,308
Merged entities		(1,440,298)	-
Acquisitions of tangible assets		(257,027)	(48,855)
Proceeds from sale of tangible assets		-	45
Acquisition of investments		(480,784)	(280,928)
Proceeds from sale of investments		529,259	373,324
Other investment movement		136,817	(108,711)
Net cash flows from investing activities		(1,438,508)	(7,817)
Net increase/(decrease) in cash and cash equivalents		204,028	(195,361)
Cash and cash equivalents at 1 February		369,267	564,628
Cash and cash equivalents at 31 January		573,295	369,267

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Northumbria

Notes to the Financial Statements for the Year Ended 31 January 2024

1 General information

The company is a company limited by guarantee, incorporated in England and Wales and registered with Homes England, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The company was formerly known as Abbeyfield Newcastle upon Tyne Society Limited (The).

The address of its registered office is 40A The Grove, Gosforth, Newcastle upon Tyne, NE3 1NH.

The company is:
- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes England as a registered provider of social housing (No. H0560)

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland,' the Accounting Directions for Private Registered Providers of Social Housing 2022 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2018 ('SORP2018'). The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

In accordance with FRS102 PBE3.3A the directors confirm that this Registered Social Housing Provider is a Public Benefit Entity.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

Included within other operating income is an amount of £1,440,298 relating to the transfer of assets from the newly merged organisations.

2 Accounting policies (continued)

Going concern
The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through cash generated from operations.

The company's forecasts and projections for the next twelve months show that the company, given its strong cash balance and investment portfolio, should be able to continue in operational existence for that period.

The directors have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no accounting judgements (apart from those involving estimates) made in the process of applying the above accounting policies.

Key sources of estimation uncertainty
Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets. The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Revenue recognition
Turnover represents rental income and service charges receivable net of rent and service charge losses from voids as well as social housing grants released. Turnover is recognised as the period of rent is due.

Government grants
In accordance with the performance method, government grants are released to the statement of comprehensive income when performance conditions have been met.

Tax
The company has charitable status and is exempt from corporation tax on the income it has received.

The company is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure in the income and expenditure account includes the relevant VAT.

2 Accounting policies (continued)

Tangible assets
Tangible assets (including social housing properties) are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of properties is their purchase price together with incidental costs of acquisition including interest payable. Interest payable is capitalised by applying the company's cost of borrowing to expenditure during the construction of the property up to the date of practical completion. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Surpluses or deficits on the sale of housing land and buildings are accounted for in the income and expenditure account as the difference between the net sale proceeds and the net carrying value.

None of the company's housing properties are considered to be investment properties.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Structure & roof	50 years straight line
Kitchens, bathrooms, doors and windows	30 years straight line
Lift	15 years straight line
Heating - boilers	10 years straight line
Heating - radiators	25 years straight line
Fixtures and fittings	15% reducing balance

Investments
Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment. The difference between the historic cost and the Market Value is shown as a revaluation reserve which can be both positive and negative at a year end.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Rent arrears and advances
In accordance with the Accounting Direction for Private Registered Providers of Social Housing, rent arrears and advances are not net-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

2 Accounting policies (continued)

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases
Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

Social housing grant
Social Housing Grant received as a capital contribution, in line with SORP2018 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the Social Housing Grant relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the company holds all social housing properties at their historic cost.

The Social Housing Grant is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the Social Housing Grant is recognised in the Statement of Comprehensive Income as 'income'.

Social Housing Grant received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. Social Housing Grant is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Social Housing Grant received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of Social Housing Grant in advance is calculated by reference to the aggregate of all schemes in the Social Housing Grant funded development programme.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2 Accounting policies (continued)

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset or liability within the financial statements. The Board of Trustees have reviewed the financial instruments held within the financial statements and consider them to be 'basic' and as such are recognised at their transactional value.

3 Turnover, operating costs and operating (deficit)/surplus for the year

	Turnover	Operating costs	Operating deficit 2024
	£	£	£
Social housing lettings	2,631,406	(2,817,710)	(186,304)
Other	1,633,843	-	1,633,843
	4,265,249	(2,817,710)	1,447,539

	Turnover	Operating costs	Operating surplus 2023
	£	£	£
Social housing lettings	2,123,319	(2,269,610)	(146,291)
Other	33,795	(37,216)	(3,421)
	2,157,114	(2,306,826)	(149,712)

Particulars of the company's revenue for the year from continuing operations is as follows:

	2024	2023
	£	£
Rent receivable net of identifiable service charges	2,616,612	2,108,463
Amortised government grants	14,444	14,444
Other grants	350	412
	2,631,406	2,123,319
Void losses (being rental income lost as a result of property not being let, although available for letting)	(291,334)	(155,111)

Notes to the Financial Statements for the Year Ended 31 January 2024 (continued)

4 Analysis of Turnover, Operating Costs and Operating Surplus for the year

	Social housing letting expenditure £	2024 £	2023 £
Operating Expenditure			
Management charges payable	22,099	22,099	21,583
Routine maintenance	50,767	50,767	91,955
Planned maintenance	-	-	7,628
Depreciation of housing properties	94,770	94,770	81,278
Payroll costs	1,893,427	1,893,427	1,422,746
Other staff costs	95,545	95,545	223,385
Food	151,484	151,484	114,131
Other hire	8,848	8,848	6,026
Travelling and subsistence	3,447	3,447	5,085
Rent and rates	21,599	21,599	(1,246)
Light, heat and power	127,427	127,427	103,274
Insurance	29,110	29,110	28,247
Telephone and fax	5,780	5,780	5,833
Office expenses	26,858	26,858	32,630
Other costs	55,005	55,005	92,862
Legal and professional fees	128,498	128,498	15,617
Computer software and maintenance costs	16,399	16,399	-
Cleaning	22,344	22,344	20,793
Advertising	611	611	-
Auditor's remuneration	13,200	13,200	7,740
Bank charges	626	626	418
Premises expenses	49,866	49,866	26,796
(Surplus)/deficit on disposal of tangible fixed assets.	-	-	45
Total operating expenditure	2,817,710	2,817,710	2,306,826

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2024	2023
	£	£
Government grants	-	28,903
Miscellaneous other operating income	1,633,843	4,892
	1,633,843	33,795

Miscellaneous other operating income includes £1,440,298 relating to the net assets transferred on merger with the three former Abbeyfield Societies in Bamburgh, Berwick and Alnwick. £188,761 relates to legacies received in the year and the remaining £4,784 relates to donations received.

6 Operating surplus/(deficit)

Arrived at after charging/(crediting)

	2024	2023
	£	£
Depreciation expense	94,770	81,278
Development costs	-	27,912
Auditors remuneration	13,200	7,740
Amortised government grants	(14,444)	(14,444)

7 Other interest receivable and similar income

	2024	2023
	£	£
Interest income on bank deposits	3,877	352

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2024	2023
	£	£
Wages and salaries	1,721,881	1,298,627
Social security costs	129,124	95,982
Pension costs, defined contribution scheme	42,422	28,137
	1,893,427	1,422,746

The average full time equivalent number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2024	2023
	No.	No.
Administration and support	7	6
Other	62	51
	69	57

No employees earned more than £60,000. None of the Board of Trustees received any emoluments during 2024 (2023: £nil).

The total expenses reimbursed to the Board of Trustees not chargeable for UK income tax during 2024 was £nil (2023: £nil).

There were no further related party transactions with the board beyond those separately disclosed in the Related Party note.

The key management personnel of the Company comprise the Chief Executive Officer,and the five House Managers. During the year salaries totalling £173,982 (2023: £266,928) were paid to key management personnel. Pension contributions totalling £11,981 (2023: £10,496 were made on behalf of key management personnel.)

During the year the Chief Executive’s pension arrangements continued to be a defined contribution scheme and the company contributed £7,111 employer contributions (2023: £4,643) into the scheme.

9 Auditor's remuneration

	2024	2023
	£	£
Audit of the financial statements	13,200	7,740

Notes to the Financial Statements for the Year Ended 31 January 2024 (continued)

10 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 February 2023	3,321,192	533,240	3,854,432
Additions	157,733	99,294	257,027
Acquired through business combinations	743,231	93,150	836,381
At 31 January 2024	4,222,156	725,684	4,947,840
Depreciation			
At 1 February 2023	1,849,553	439,895	2,289,448
Charge for the year	62,798	31,972	94,770
At 31 January 2024	1,912,351	471,867	2,384,218
Carrying amount			
At 31 January 2024	2,309,805	253,817	2,563,622
At 31 January 2023	1,471,639	93,345	1,564,984

Armstrong House in Bamburgh is subject to conditions established in a Deed of Trust dated 20th March 1925, as modified by Charity Commission schemes dated 23rd May 1978 and 16th March 1982 governing The Armstrong Home of Rest (Registered Charity No 222742-1, of which Abbeyfield Northumbria is the sole trustee.

11 Investments

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
At 1 February 2023	2,721,448	2,721,448
Additions	1,282,878	1,282,878
Disposals	(529,259)	(529,259)
Fair value adjustments	86,411	86,411
At 31 January 2024	3,561,478	3,561,478

Within the additions of £1,282,878 the following amounts were acquired through business combinations:

CCLA - £132,782
Quilter Investments - £422,937.

Actual new additions in the year £727,159.

	2024 £	2023 £
Historic cost		
At 1 February	2,515,475	2,588,497
Additions	794,053	280,928
Disposals	(554,336)	(353,950)
At 31 January	2,755,192	2,515,475

	2024 £	2023 £
Realised (loss)/gain		
Opening market value of disposals	529,259	373,324
Proceeds	(541,724)	(356,373)
Realised losses/(gains)	(12,465)	16,951

Notes to the Financial Statements for the Year Ended 31 January 2024 (continued)

11 Investments (continued)

	2024	2023
	£	£
Opening market value of investments	2,721,448	2,879,095
Closing market value of investments	(3,561,478)	(2,721,448)
	(840,030)	157,647
Additions	1,282,878	280,928
Disposals	(529,259)	(373,324)
Unrealised loss / (gain) per Statement of Comprehensive Income	(86,411)	65,251

Monies held by the broker as cash in a separate bank account are held on the balance sheet as current assets. At the year end the amount held in cash in current assets was £195,811 (2023: £332,628).

Investment holdings > 5%
At the year end, the organisation had no individual investments exceeding 5% of the total value.

12 Debtors

	2024	2023
	£	£
Trade debtors (gross rent arrears)	79,225	68,491
Other debtors	3,400	64,478
Prepayments	51,476	36,381
	134,101	169,350

13 Current asset investments

	2024	2023
	£	£
Investments	195,811	332,628

14 Creditors

	Note	2024	2023
		£	£
Due within one year			
Trade creditors		77,219	85,019
Social security and other taxes		20,770	23,232
Other creditors		17,598	12,673
Accrued expenses		137,884	65,240
		253,471	186,164
Due after one year			
Other capital grants		1,986	2,336
Social housing grant (amortised cost)	16	448,429	264,696
		450,415	267,032

15 Financial Instruments

Included in the loans and borrowings are the following amounts due after more than five years:

The other capital grants relate to grant funding received from Newcastle City Council in 2008 in respect of two of the houses. These grants are to be written off at 15% reducing balance in line with the depreciation policy for fixtures, fittings and equipment.

The company considers that its financial instruments comprise of the Social Housing Grant (SHG) and Other Capital Grant, as both are included as liabilities within the financial statements. As the company has no intention to dispose of its housing properties or contents, to which the grants relate, the grants will not become repayable. As a result the total balance of the grant creditors is presented as falling due in five years or more. The financial instruments held and fair value through the profit and loss are repayable as follows:

	2024 £	2023 £
In five years or more	450,415	267,032

16 Social housing grant

	Social housing grant £	Total £
Gross grant creditor		
At 1 February 2023	722,215	722,215
Transfers	198,177	198,177
At 31 January 2024	920,392	920,392
Amortisation		
At 1 February 2023	457,519	457,519
Transfers	14,444	14,444
At 31 January 2024	471,963	471,963
Carrying amount		
At 31 January 2024	448,429	448,429
At 31 January 2023	264,696	264,696

The company considers that its financial instruments include the Social Housing Grant which is included as a liability within the financial statements. The company has no intention to dispose of its housing properties, therefore the Social Housing Grant will not become repayable.

17 Pension and other schemes

Defined contribution pension scheme
The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £42,422 (2023 - £28,137).

Contributions totalling £2,176 (2023 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

18 Reserves

Revaluation reserve - This reserve represents the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Restricted reserve - This reserve represents the unexpended balances of legacies and donations received specifically relating to the appropriate house.

Unrestricted reserve - This reserve includes a sum of £68,344 received in-year as an Extraordinary Repair Fund for the Armstrong Home of Rest. The value of this, along with other maintenance funds, will be reviewed during 2024 following detailed condition surveys, after which consideration will be given to formal designation in future accounts.

The restricted reserves totalling £70,458 as detailed in the statement of Changes in Equity are made up as follows:

The restricted reserves at the year end relate to the following properties:
The Grove £53,116 (2023 - £53,116)
Castle Farm £17,342 (2023 - £17,342)
TOTAL £70,458 (2023 - £70,458)

19 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2024 £	2023 £
Not later than one year	2,900	4,699
Later than one year and not later than five years	8,701	10,517
Later than five years	1,089	2,173
	12,690	17,389

20 Contingent liabilities

By a Deed of Declaration of Trust dated 14 April 1981 made by Abbeyfield Northumbria (formerly Abbeyfield Newcastle upon Tyne Society Limited) (the Charity) (and registered with the Charity Commission under reference SEW – 227870 – A1 – L1) the Charity declared inter alia that if it for any reason ceased to maintain the Doctor H.M. Gurney Wing at The Grove or if the wing ceased to be known as the Doctor H.M. Gurney Wing the Charity would either sell the building of which the said wing forms part or have the building valued by a competent valuer and shall hold the proportion of the proceeds of sale or of the amount of the valuation attributable to the said wing for the general purposes of some other Charity having for its object the provision of after care benefit for elderly gentlewomen.

21 Related party transactions

There was only one related party transaction in the year regarding an invoice received from Cresswell Builders, a company owned by Ralph Baker-Cresswell for £360 (2023: No related party transactions).

22 Parent and ultimate parent undertaking

The ultimate controlling party is the Board of Trustees.

ABBEYFIELD NORTHUMBRIA

England & Wales - Charity number 222742

Accounts

Registration number: 00702983

Homes England number: H0560

Charity Number: 222742

ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (THE)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 January 2023

Abbeyfield Newcastle upon Tyne Society Limited (The)

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Abbeyfield Newcastle upon Tyne Society Limited (The)

Company Information

Registered office	40A The Grove Gosforth Newcastle upon Tyne NE3 1NH
Vice-president	The Rt. Revd. Christine Hardman, Bishop of Newcastle
Executive Committee	Mrs V R Wilkinson Mr B Duell Mrs C L Eke Mr A W Kay Mr R MacKintosh Mrs P F Porter Mrs M Anderson
Chief Executive	Mr J Connelly

Key Management Personnel
The board consider the following to be KMP of the society and have delegated the day-to-day management responsibilities:

Mr J Connelly – CEO
Mrs K Brown – Manager, The Grove Care Home
Mrs C A Major – Manager, Castle Farm Care Home
Mrs C Logue – Deputy Manager, The Grove Care Home
Mrs A Forster – Deputy Manager, Castle Farm Care Home
Mr W K Parrish – Administrator
Mrs J McStea - Finance Officer
Mrs L Lawson – Payroll Officer
Mrs H Angel – Volunteer & Activities Co-ordinator
Mrs N Pitman – Activities Co-ordinator

Company secretary	Mr W K Parrish
Bankers	Barclays Bank Plc Gosforth High Street 59 High Street Gosforth Newcastle upon Tyne NE3 4AA
Investment Broker	Rathbone Investment Management Limited Earl Grey House 75-85 Grey Street Newcastle upon Tyne NE1 6EF
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Abbeyfield Newcastle upon Tyne Society Limited (The)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2023

The Executive Committee present their report and the financial statements for the year ended 31 January 2023.

Principle activity
The principle activity of the Society is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited.

Members of the Executive Committee
The Members of the Executive Committee during the year ended 31 January 2023 were as follows:

Mrs V R Wilkinson
Mr B Duell
Mrs C L Eke
Mr A W Kay
Mr R MacKintosh
Mrs P F Porter
Mrs M Anderson

Applications for membership of the Executive Committee are sought by direct correspondence to individuals with relevant experience and skills. Members serve for a three year period and may be re-elected thereafter. The Executive Committee meets six times per year.

Registration of the Association
The Abbeyfield Newcastle upon Tyne Society Limited is a company limited by guarantee, a registered provider of social housing and a registered charity governed by its memorandum and articles of association. The Society is registered under the Companies Act 2006 and the Housing and Regeneration Act 2008.

Financial Statements and state of the Association's affairs
The results for the year are shown in the Income and Expenditure Account.

Achievements & Performance

2022 presented complex and fast-changing challenges, however, even against the backdrop of these challenges, I am proud that the team at Abbeyfield Newcastle has maintained focus and energy, and we have kept on achieving our goals. The financial performance of Abbeyfield Newcastle met expectations, to support our future growth.

The financial year which ended on 31st January 2023 has seen us face another challenging year. The ongoing impact of Covid was still evident, in that confidence in the industry did not recover as well as we anticipated. This led to severe staff shortages, and, despite strenuous efforts to advertise and recruit suitable staff, the outcome was an over dependence on agency staff in the first half of the year with associated increased costs. The fact that a number of residents were showing increased dependencies, mainly due to age and increasing health issues meant that staff numbers had to be kept high so that the correct level of service was always available.

The impact of the collapse of one of our main utility providers at the end of the previous financial year continued into the first half of this year as we were locked into an emergency tariff situation. The cost-of-living crisis, that had begun in late 2021, was seriously impacting on our operational performance by half year, with inflation rising to over 10%, the highest rate in over 40 years. This had a major effect on our costs, in particular food and energy, and there was significant impact on our bottom line as we had only budgeted for a break-even budget.

Considering all other options, it was agreed at the September Executive Committee meeting that we would take the unprecedented step of implementing an interim resident fee increase, to offset some of our rising costs. It was agreed that we would increase the existing fees at that time by 6% with effect from the 1st October 2022. Although we anticipated some backlash from residents and relatives, we received a wide understanding of our situation, and the fee increase passed with little comment.

The November Executive Committee meeting in 2022 largely covered budget expectations for the following financial year in view of the existing cost implications. Appropriate assumptions were made in consideration of the then cost of living and inflation forecasts and a further break-even budget was proposed with a further fee increase of 4% over and above the October 1st figure. This meant that our fee increases across the year were consistent with the inflation figure at that time.

Although void levels did improve in the final quarter of the year and agency costs were in better control, even allowing for the savings on real staff costs offsetting agency costs, the impact of some negative variances were significant. Agency cost variance (£81,152), utilities variance (£28,674), food variance (£13,976), and unbudgeted development fund variance (£25,800) had a clear impact on our financial performance. Combined, these 4 alone gave a negative variance of (£149,602).

The final reported deficit for the year, including the reconciliation to the accounts of revaluation and movements in our investments was (£174,606).

If we apply the unadjusted audit differences, due to capitalisation of assets, as outlined in the audit report as a surplus of £27,473, that leaves a final annual deficit of (£147,133)

It is clear that when the budget was set in November 2021, the main variance factors as outlined above could not have been foreseen and the Executive committee agreed that taking that into consideration the end of year deficit was probably in line with expectations.

Similar to last year, we received Central Government Grants issued by our Local Authority. These grants were fully committed and relate to a final year income of £22,702 to offset some of our other costs. Although this amount of Local Authority grant was much lower than other years, it was the final amount carried over from the previous year, it was very welcome in supporting our staff and residents. Final reports on how the grants were used have been submitted to the Local Authority as part of our partnership agreements with them.

As in other years, management of voids is our key income driver. Despite the management team working hard to keep voids to a minimum, to minimise financial impact, this year we have once again experienced longer periods of voids than we expected or anticipated. This has obviously had a detrimental effect, but as noted, voids did improve in the last quarter of the year and were better controlled.

Although we had to take unprecedented steps this year by increasing fees in October, we continue to be very competitive in the local market place in relation to our room fees. A recent national poll on average room fees showed that we were below the regional average. We are committed to continue our "value for money" culture throughout this Society as we develop and grow.

The 2022/23 Financial year was dominated by significant and worrying events which translated to periods of extreme volatility in markets. The Russian invasion of Ukraine during February 2022 sent a shockwave through commodity markets with oil and agricultural crop prices jumping amid concern for global supplies while stock markets remained skittish. During September and October 2022, the UK was hit with a crisis of confidence as a result of the Truss/Kwarteng mini-budget and this was only unwound following a complete reversal under the hastily installed Sunak administration.

However, the single biggest factor that weighed on investors' minds throughout was global inflation and how Central Banks would combat it through interest rate rises. Although the inflation vs. interest rate debate continues it is important to note that parts of the global stock market performed relatively well during the year. e.g., oil companies and healthcare returned solid gains. Our portfolio was positioned defensively throughout the financial year with a good exposure to these types of companies and while the fixed interest holdings lost value with a -9% fall, the equities performed well, led by the UK listed exposure which rose 6% - comfortably ahead of markets.
In summary, an overall annual loss of -0.8%, while unwelcome, is a reasonable outcome compared to all comparative measures during the year. Looking forward, the portfolio will remain on its defensive footing because mild recessions are likely in the largest advanced economies within the next 12 months.

The economic and political outlook has worsened since the beginning of 2022, more so with the continuing conflict in Ukraine, and as a result, it is assumed that all financial assets will remain extremely volatile and against such an uncertain backdrop there will undoubtedly be some difficult months ahead. However, we are confident that our portfolio remains well diversified across several asset classes which should enable it to be relatively resilient in the short-term and perform well over the long-term.

This year's audit was subject to more stringent rules, with more in-depth checks taking place. However, despite these rule changes, this audit shows that our performance has once again been consistent in comparison with previous years, despite some abnormal costs this year which we have already highlighted. In the opinion of the Auditors, these financial statements do not contain any substantial risk, there is no evidence of any fraud or other irregularities and they give a true and fair view of the state of The Society's financial affairs as at the 31st January 2023. The final audit has shown a clean set of figures, and the auditors concur with our own assessment; that it is appropriate to continue to adopt the going concern basis, and that there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

Once again, in a challenging year on many fronts, great credit must be given to our two House-Managers for their continued commitment and respective performances. Although official restrictions in relation to the covid pandemic were lifted in March 2022, some social and economic issues remained throughout the year, which continued to create stress and extra pressures. However, despite all of these challenges they have maintained good controls and kept a very high level of service standards throughout the year.

Staff morale has been very good, even with severe staff shortages at times, and the teams in both homes have worked tirelessly and exceptionally hard with great professionalism in maintaining the standards of care, often under difficult circumstances.

Having regained our "Good" status from our regulator the CQC in March 2022, there has been very little contact despite completing the appropriate pre-inspection report later in the year. We have been expecting a formal inspection but also aware that the CQC are changing their inspection methods. Regardless, we are confident that all measures are in place should an inspection become imminent

Castle Farm has had several positive "desk-top" assessments by CQC this year and they have indicated that they have no immediate intention to do a formal inspection, and Castle Farms' operating status is still rated as Good.

The Care North East consortium of care providers in Newcastle has been fairly quiet this year and very few meetings have taken place. As a member we benefit from an agreed negotiated Residential Care fee increase with Newcastle City Council for their funded residents. This year the fees were increased by 6.4% on the previous year, and their fees are on continuous review by the consortium committee.

This year we had 8 residents who are funded through the Local Authority.

The strong collaborative approach to working relationships with the Local Authority and the Health Practitioners continued to be a strong point of this year. The Collaborative Newcastle group, originally set up across the sector in response to the Covid pandemic, aimed to bring Care home managers and Health professionals together across the region to share best practice and discuss individual and collective concerns. This collaborative approach has continued this year, and both managers continue to find these discussion groups helpful and informative.

The central Abbeyfield Society continues on a course of significant and intensive strategic change. A new CEO started in January 2022 and there were major changes to the structure of Abbeyfield in that year, and to the relationships that Member societies, like ours, will have with central Abbeyfield.

Throughout 2022 there were a number of focus groups formed which discussed various issues and options for a new member-led society going forward. This led to the formation of a completely new structure for Abbeyfield which included the creation of Abbeyfield England, a new board who would represent the interests of all English member societies on the World Council, the overarching governing body of the Abbeyfield Society.

At the national AGM in September 2022, the new Abbeyfield England Board was introduced, with a clear remit to engage and consult with all English member societies, and develop a robust strategy to safeguard the future. This work is ongoing with regular meetings and feedback sessions with members to ensure that Abbeyfield England continues to represent English members interests and future-proof the organisation.

Following on from last year we have formally split the activities at both homes with both homes having a dedicated activity co-ordinator and an assistant. This has proved very successful and has brought welcome changes in the development of new and diverse activity sessions which the residents have appreciated and enjoyed. Both homes share ideas and volunteers who support activity sessions and this is seen as an important area of development going forward.

The Executive Committee continues their long-term strategy to maintain our sustainability for the future, and to develop and grow as we look to offer a greater variety of accommodation and support for the elderly in our community,

Report of the Board (including Strategic Report) for the Year Ended 31 January 2023 (continued)

Towards the end of 2021, the 4 Societies in the North East, those being Newcastle, Berwick, Bamburgh and Alnwick, began discussions towards more collaborative working leading to a possible merger.
These discussions continued throughout last year with an agreement for Berwick, Bamburgh and Alnwick to transfer all assets to our society, a formal merger to take place and a change of name to Abbeyfield Northumbria. With completion of due diligence, legal matters and TUPE transfer of staff it is anticipated that this merger could be realised by mid-2023.
Critical strategic decisions will need to be made in relation to the proposed merger and how that is managed to ensure our financial viability and sustainability in the future.

At the end of this financial year the current CEO announced his intention to retire which started the process of recruiting a successor which will be announced as soon as a replacement is confirmed.

In summary, the operating year 2022/23 was a successful year in many respects. Our financial position remains strong even allowing for the high number of voids and other abnormal costs as reported. Despite the ongoing instability in financial markets, due partly to the influence of the Ukraine issue and the cost of living and high inflation, our investments are showing good returns and are well managed. We have a settled management team and good core staff which has given a continuity of service which is a major part of maintaining the wellbeing and safety of our residents which is our primary function. The proposed merger with other Abbeyfield societies in the North East provides a great opportunity for us, and fully supports our ambitions to progress and grow.

The ongoing development of Abbeyfield England and the operational support structure that it requires should become much clearer next year. Opportunities should become available for us to be involved in some key outcomes to determine the strategy of Abbeyfield England going forward.

Having a settled, committed team, and a good financial base puts us in a strong position to build on our progress into the next financial year and beyond. As our merger develops, the development of Abbeyfield England is also critical in deciding whether we stay with the Abbeyfield group or consider other alternatives.

2023 will be a transformative year for Abbeyfield Newcastle as it merges with the other North East societies to become Abbeyfield Northumbria, and this merger will allow the new company to scale up its' longer-term development plans. We look forward to a year of continued success in 2023.

Governance
The Executive Committee adhere to the principal recommendations of the National Housing Federation's code of governance insofar as these are considered applicable to an organisation of this size.

The Finance & Audit Committee operates under specific terms of reference which delegate certain functions from the Executive Committee.

The Finance & Audit Committee meets six times a year. All decisions of the Finance & Audit Committee are required to be ratified by the Executive Committee. The House Committees are delegated authority from the Executive Committee for the responsibility of the day to day running of the respective Houses.

Risk Management
The major risks, to which the Society is exposed, as identified by the Executive Committee, have been reviewed and systems have been established to mitigate those risks by using the relevant Abbeyfield Standards procedures.

Value for money
As part of our ongoing strategy to ensure value for money, we continue to deliver our plan, meeting the required Standard, embedding a 'value for money' culture throughout the Society. Continuing to get best value from our resources is essential to ensure we can continue to deliver quality care and invest in the accommodation offered to our residents where necessary to maintain this.

Our key actions include the following:

- Continued development of centralised contracts to reduce overheads and to make efficient use of property budget spend.
- Regular management meetings with a view to addressing performance issues.
- Management of staffing resources to ensure that we are consistent and more efficient in the way we operate.
- Setting of a realistic budget with emphasis on fee setting, staff costs and control of vacancies.
- Continued development of partnership working with external agencies and internally with Abbeyfield and other member Societies.
- Ongoing Strategic Business Planning making best use of resources.
- Further engagement of our staff with appraisals, training and internal development.

The Executive Committee are committed to ensure that value for money is considered in decision-making at all levels in order to meet and exceed the Standard. This is reinforced through the Society's culture which strives, ultimately to add value to the Society through the provision of quality care to all of our residents.

	2023	2022
Reinvestment	0.0%	0.0%
New Supply Delivered – Social Housing Units %	-	-
New Supply Delivered – Non-social Housing Units	-	-
Gearing	0.0%	0.0%
EBITDA MRI Interest Cover	0%	0%
Headline Social Housing Cost per Unit	£41,193	£34,369
Operating Margin (Social Housing)	-6.89%	-1.18%
Operating Margin (Overall)	-6.94%	-1.68%
Return on Capital Employed	-3.0%	-0.7%

Statement of public benefit
The Executive Committee have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning its future activities. In particular, the Executive Committee consider how planned activities will contribute to the aims and objectives they have set.

The Executive Committee are committed to furthering the Society's objects primarily by providing high quality care and support to elderly users of the Society's facilities. It is the objective of the Executive Committee each year to maximise the public benefit of the Society in providing high quality care and support, having regard to the extent of the Society's income and reserves, the cost of facilities and the ability of residents to make payments from their own resources.

Reserves policy
We have in place a formal Reserves Policy which will be reviewed at the required timescale. This policy requires us to have a minimum of three months working capital immediately available with the remainder invested in two suitable and ethically appropriate investment portfolios, and professionally managed.

Investment funds are immediately available if they are so required. At year end the free reserves (which are the sum of net current assets plus fixed investments less restricted reserves) are £3,336,071 (2022: £3,484,751).

As already reported, Rathbones Investment Management are providing the necessary financial management of our two portfolios with monthly reports and monitoring of our account. The emphasis for Rathbones is to deliver income and capital growth for both portfolios. Detailed analysis reports are made available to the Finance and Audit Committee meeting on a bi-monthly basis for onward discussion at the full Executive Committee meeting.

Financial review
The full details and analysis of our financial performance is set out in the main body of this report. We feel that we are well placed to continue our progress during 2022/23 and beyond.

Key performance indicators

The Executive Committee review our financial performance at each meeting taking into account any recommendations from the Finance & Audit Committee, after reviewing the full management accounts and the main KPI's as follows:

The company's key financial and other performance indicators during the year were as follows:

	Unit	2023	2022
(Deficit)/Surplus as % of Total turnover	%	(5.15)	.40
Occupancy at The Grove	%	90.50	84.40
Occupancy at Castle Farm	%	96.70	95.90
Total Staff costs as % of Total turnover	%	77.40	72.60
Food costs as % of Total turnover	%	5.40	5.00
Light/Heat cost as % of Total turnover	%	4.90	4.60
Voids as % of Housing Income	%	7.30	11.89

Internal Control Assurance
The Executive Committee has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Executive Committee recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Executive Committee has adopted a risk based approach to internal control which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed.

The process adopted by the Executive Committee in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks
This process is set out in the Society's risk management strategy. The Executive Committee has identified the significant strategic risks facing the Society and these are reviewed annually by the Executive Committee.

Monitoring and Corrective Action
The Society's risk management strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the Financial Statements.

Control environment and control procedures
The Executive Committee retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues in accordance with the relevant Abbeyfield standard.

Information and financial reporting systems
Financial reporting procedures cover the preparation of detailed budgets for the year ahead including forecast outturns which are reviewed on a monthly basis, as well as forecasts for subsequent years. These are reviewed and approved by the Executive Committee

The Executive Committee confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Society.

Status
The society is:

A registered charity for tax purposes (No. 222742)

A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives

Registered with the Homes England as a registered provider of social housing (No. H0560)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2023 (continued)

Statement of Executive Committee's Responsibilities

The Executive Committee acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Committee to prepare financial statements for each financial year. Under that law the Executive Committee have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Executive Committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Executive Committee 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Executive Committee are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing and Regeneration Act 2008, The Housing SORP2018 and the accounting direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- The reliability of financial information used within the Society or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Executive Committee to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Society's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Executive Committee to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- All investment projects are subject to formal authorisation procedures by the Executive Committee;
- The Executive Committee reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Society.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Executive Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 January 2023. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

Important non adjusting events after the financial period
The society is proposing to Merge with Abbeyfield Bamburgh Society, Berwick Society Ltd and Abbeyfield North Northumberland Extra Care Society. It is expected the merger will complete the end of July 2023.

Disclosure of information to the auditor
The Executive Committee has taken steps that they ought to have taken as an Executive Committee in order to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information. The Executive Committee confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Statement of compliance
The board confirms that this Report of the Board (including Strategic Report) has been prepared in accordance with the principles set out in Para 4.7 of the Housing SORP 2018 Update for Registered Social Housing Providers.

Approved by the Board on 19/7/23 and signed on its behalf by:

Mrs V R Wilkinson
Executive

Abbeyfield Newcastle upon Tyne Society Limited (The)

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The)

Opinion

We have audited the financial statements of Abbeyfield Newcastle upon Tyne Society Limited (The) (the 'company') for the year ended 31 January 2023, which comprise the Statement of Comprehensive Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of 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), the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the, the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 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 company 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 director'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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

Other information
The Executive Committees are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 course of 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report to the board.

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

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

Responsibilities of directors
As explained more fully in the executive committees responsibilities (set out on page 9), the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;

- Reviewing board minutes;

- Challenging assumptions and judgements made by management in their significant accounting estimates; and

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); Care Quality Commission; and compliance with the UK Companies Act and the Housing and Regeneratiion Act 2008.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of
Azets Audit Services
Chartered Accountants
Statutory Auditor

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 24/1/2023

Azets Audit Services is a trading name of Azets Audit Services Limited

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Comprehensive Income for the Year Ended 31 January 2023

	2023 £	2022 £
Turnover	2,123,319	1,903,156
Operating expenses	(2,306,826)	(2,021,124)
Other operating income	33,795	84,636
Operating deficit	(149,712)	(33,332)
Loss on financial assets at fair value through profit and loss account	(16,951)	(3,012)
Income from other fixed asset investments	56,956	43,595
Other interest receivable and similar income	352	305
(Deficit)/surplus for the financial year	(109,355)	7,556
Gain on revaluation of other assets	(65,251)	109,480
Total comprehensive (deficit)/income for the financial year	(174,606)	117,036

The above results were derived from continuing operations.

Approved and authorised by the Board on 19/7/23 and signed on its behalf by:

.....
Mrs V R Wilkinson
Executive

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Comprehensive Income for the Year Ended 31 January 2023 (continued)

(Registration number: 00702983)
Statement of Financial Position as at 31 January 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	1,564,984	1,597,452
Investments	11	2,721,448	2,879,095
		4,286,432	4,476,547
Current assets			
Debtors	12	169,350	86,949
Investments	13	332,628	223,917
Cash at bank and in hand		369,267	564,628
		871,245	875,494
Creditors: Amounts falling due within one year	14	(186,164)	(191,066)
Net current assets		685,081	684,428
Total assets less current liabilities		4,971,513	5,160,975
Creditors: Amounts falling due after more than one year	14	(267,032)	(281,888)
Net assets		4,704,481	4,879,087
Capital and reserves			
Revaluation reserve	18	225,348	290,599
Restricted reserves	18	70,458	78,772
Unrestricted reserves	18	4,408,675	4,509,716
Total equity		4,704,481	4,879,087

Approved and authorised by the Board on 19/7/23 and signed on its behalf by:

Mrs V R Wilkinson
Executive

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Changes in Equity for the Year Ended 31 January 2023

	Revaluation reserve £	Restricted reserve £	Unrestricted reserve £	Total £
At 1 February 2021	228,553	93,386	4,440,112	4,762,051
Total comprehensive income	109,480	-	7,556	117,036
Transfers	(47,434)	(14,614)	62,048	-
At 31 January 2022	290,599	78,772	4,509,716	4,879,087

	Revaluation reserve £	Restricted reserve £	Unrestricted account £	Total £
At 1 February 2022	290,599	78,772	4,509,716	4,879,087
Total comprehensive deficit	(65,251)	-	(109,355)	(174,606)
Transfers	-	(8,314)	8,314	-
At 31 January 2023	225,348	70,458	4,408,675	4,704,481

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Cash Flows for the Year Ended 31 January 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
(Deficit)/surplus for the year		(109,355)	7,556
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(14,856)	(14,928)
Depreciation and amortisation	6	81,278	80,251
Finance income		(57,308)	(43,900)
		(100,241)	28,979
Working capital adjustments			
Increase in debtors	12	(82,401)	(33,858)
(Decrease)/increase in creditors	14	(4,902)	33,682
Net cash flow from operating activities		(187,544)	28,803
Cash flows from investing activities			
Interest received		57,308	43,900
Acquisitions of tangible assets		(48,855)	(8,792)
Proceeds from sale of tangible assets		45	-
Acquisition of investments		(280,928)	(501,151)
Proceeds from sale of investments		373,324	143,267
Other investment movement		(108,711)	88,377
Net cash flows from investing activities		(7,817)	(234,399)
Net decrease in cash and cash equivalents		(195,361)	(205,596)
Cash and cash equivalents at 1 February		564,628	770,224
Cash and cash equivalents at 31 January		369,267	564,628

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Notes to the Financial Statements for the Year Ended 31 January 2023

1 General information

The company is a company limited by guarantee, incorporated in England and Wales and registered with Homes England, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is 40A The Grove, Gosforth, Newcastle upon Tyne, NE3 1NH.

The society is:
- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes England as a registered provider of social housing (No. H0560)

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland,' the Accounting Directions for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2018 ('SORP2018'). The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

In accordance with FRS102 PBE3.3A the directors confirm that this Registered Social Housing Provider is a Public Benefit Entity.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

2 Accounting policies (continued)

Going concern
The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through cash generated from operations.

The company's forecasts and projections for the next twelve months show that the company, given its strong cash balance and investment portfolio, should be able to continue in operational existence for that period.

The directors have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no accounting judgements (apart from those involving estimates) made in the process of applying the above accounting policies.

Key sources of estimation uncertainty
Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Revenue recognition
Turnover represents rental income and service charges receivable net of rent and service charge losses from voids as well as social housing grants released. Turnover is recognised as the period of rent is due.

Government grants
In accordance with the performance method, government grants are released to the statement of comprehensive income when performance conditions have been met.

Tax
The Society has charitable status and is exempt from corporation tax on the income it has received.

The Society is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure in the income and expenditure account includes the relevant VAT.

2 Accounting policies (continued)

Tangible assets
Tangible assets (including social housing properties) are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of properties is their purchase price together with incidental costs of acquisition including interest payable. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Surpluses or deficits on the sale of housing land and buildings are accounted for in the income and expenditure account as the difference between the net sale proceeds and the net carrying value.

None of the RSHP's housing properties are considered to be investment properties.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Structure & roof	50 years straight line
Kitchens, bathrooms, doors and windows	30 years straight line
Lift	15 years straight line
Heating - boilers	10 years straight line
Heating - radiators	25 years straight line
Fixtures and fittings	15% reducing balance

Investments
Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment. The difference between the historic cost and the Market Value is shown as a revaluation reserve which can be both positive and negative at a year end.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Rent arrears and advances
In accordance with the Accounting Direction for Private Registered Providers of Social Housing, rent arrears and advances are not net-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

2 Accounting policies (continued)

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases
Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

Social housing grant
Social Housing Grant received as a capital contribution, in line with SORP2018 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the Social Housing Grant relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the RSHP holds all social housing properties at their historic cost.

The Social Housing Grant is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the Social Housing Grant is recognised in the Statement of Comprehensive Income as 'income'.

Social Housing Grant received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. Social Housing Grant is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Social Housing Grant received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of Social Housing Grant in advance is calculated by reference to the aggregate of all schemes in the Social Housing Grant funded development programme.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2 Accounting policies (continued)

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset or liability within the financial statements. The committee of management have reviewed the financial instruments held within the financial statements and consider them to be 'basic' and as such are recognised at their transactional value.

3 Turnover, operating costs and operating (deficit)/surplus for the year

	Turnover	Operating costs	Operating deficit 2023
	£	£	£
Social housing lettings	2,123,319	(2,269,610)	(146,291)
Other	33,795	(37,216)	(3,421)
	2,157,114	(2,306,826)	(149,712)

	Turnover	Operating costs	Operating surplus 2022
	£	£	£
Social housing lettings	1,903,156	(1,925,659)	(22,503)
Other	84,636	(95,465)	(10,829)
	1,987,792	(2,021,124)	(33,332)

3 Turnover, operating costs and operating (deficit)/surplus for the year (continued)

Particulars of the company's revenue for the year from continuing operations is as follows:

	2023	2022
	£	£
Rent receivable net of identifiable service charges	2,108,463	1,888,228
Amortised government grants	14,444	14,444
Other grants	412	484
	2,123,319	1,903,156
Void losses (being rental income lost as a result of property not being let, although available for letting)	(155,111)	(226,288)

4 Analysis of Turnover, Operating Costs and Operating Surplus for the year

	Social housing letting expenditure	Other expenditure	2023	2022
	£	£	£	£
Operating Expenditure				
Management charges payable	21,583	-	21,583	21,286
Routine maintenance	91,955	-	91,955	50,379
Planned maintenance	7,628	-	7,628	1,660
Depreciation of housing properties	81,278	-	81,278	80,251
Payroll costs	1,385,530	37,216	1,422,746	1,380,507
Other staff costs	223,385	-	223,385	58,031
Food	114,131	-	114,131	95,592
Other hire	6,026	-	6,026	8,477
Travelling and subsistence	5,085	-	5,085	2,743
Rent and rates	(1,246)	-	(1,246)	14,990
Light, heat and power	103,274	-	103,274	86,490
Insurance	28,247	-	28,247	23,830
Telephone and fax	5,833	-	5,833	9,720
Office expenses	32,630	-	32,630	36,839
Other costs	92,862	-	92,862	95,919
Legal and professional fees	15,617	-	15,617	3,663
Cleaning	20,793	-	20,793	20,075
Auditor's remuneration	7,740	-	7,740	5,950
Bank charges	418	-	418	373
Premises expenses	26,796	-	26,796	24,349
(Profit)/loss on disposal of tangible fixed assets	45	-	45	-
Total operating expenditure	2,269,610	37,216	2,306,826	2,021,124

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Government grants	28,903	81,850
Miscellaneous other operating income	4,892	2,786
	33,795	84,636

Government grant income includes income received for infection control.

6 Operating deficit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	81,278	80,251
Development costs	27,912	44,416
Auditors remuneration	7,740	5,950
Amortised government grants	(14,444)	(14,444)

7 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	352	305

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£	£
Wages and salaries	1,298,627	1,266,787
Social security costs	95,982	88,151
Pension costs, defined contribution scheme	28,137	25,569
	1,422,746	1,380,507

The average full time equivalent number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Administration and support	6	6
Other	51	52
	57	58

No employees earned more than £60,000. None of the Executive Committee received any emoluments during 2023 (2022: £nil).

The total expenses reimbursed to the Executive Committee not chargeable for UK income tax during 2023 was £nil (2022: £nil).

There were no further related party transactions with the board.

The key management personnel of the Society comprise the Chief Executive Officer, the two Care Home Managers and Deputy Managers, the Administrator, the Finance Officer, the Payroll Officer, the Volunteer & Activities Co-ordinator and the Activities Co-ordinator. During the year salaries totalling £266,928 (2022: £272,123) were paid to key management personnel. Pension contributions totalling £10,496 (2022: £8,818 were made on behalf of key management personnel.)

During the year the Chief Executive's pension arrangements continued to be a defined contribution scheme and the RHSP contributed £4,643 Employer contribution (2022: £2,141) into the scheme.

9 Auditor's remuneration

	2023	2022
	£	£
Audit of the financial statements	7,740	5,950

10 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 February 2022	3,315,192	491,477	3,806,669
Additions	6,000	42,855	48,855
Disposals	-	(1,092)	(1,092)
At 31 January 2023	3,321,192	533,240	3,854,432
Depreciation			
At 1 February 2022	1,784,747	424,470	2,209,217
Charge for the year	64,806	16,472	81,278
Eliminated on disposal	-	(1,047)	(1,047)
At 31 January 2023	1,849,553	439,895	2,289,448
Carrying amount			
At 31 January 2023	1,471,639	93,345	1,564,984
At 31 January 2022	1,530,445	67,007	1,597,452

11 Investments

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
At 1 February 2022	2,879,095	2,879,095
Additions	280,928	280,928
Disposals	(373,324)	(373,324)
Fair value adjustments	(65,251)	(65,251)
At 31 January 2023	2,721,448	2,721,448

Notes to the Financial Statements for the Year Ended 31 January 2023 (continued)

11 Investments (continued)

	2023 £	2022 £
Historic cost		
At 1 February	2,588,497	2,213,514
Additions	280,928	501,150
Disposals	(353,950)	(126,167)
At 31 January	2,515,475	2,588,497

	2023 £	2022 £
Realised (loss)/gain		
Opening market value of disposals	373,324	143,267
Proceeds	(356,373)	(140,255)
Realised losses/(gains)	16,951	3,012

	2023 £	2022 £
Opening market value of investments	2,879,095	2,411,731
Closing market value of investments	(2,721,448)	(2,879,095)
	157,647	(467,364)
Additions	280,928	501,151
Disposals	(373,324)	(143,267)
Unrealised loss / (gain) per Statement of Comprehensive Income	65,251	(109,480)

Monies held by the broker as cash in a separate bank account is held on the balance sheet as current assets. At the year end the amount held in cash in current assets was £332,628 (2022: £223,917).

Investment holdings > 5%
At the year end, the organisation had individual investments exceeding 5% of the total value in the following holdings:

11 Investments (continued)

	Units	Cost £	Market Value £	% Holding %
SPDR Series Trust S&P 500 ETF	800	180,816	262,476	10
iShares PLC Physical Gold (ETC) (GBP)	5,400	145,262	164,700	6
Link Fund Solutions Trojan S Inc	51,000	135,931	158,769	6
TwentyFour Global Funds Corporate Bond I	1,700	159,633	142,885	5
M&G Securities Ltd Global Macro Bond J Inc	155,589	146,063	140,870	5

12 Debtors

	2023 £	2022 £
Trade debtors (gross rent arrears)	68,491	30,068
Other debtors	64,478	13,605
Prepayments	36,381	43,276
	169,350	86,949

13 Current asset investments

	2023 £	2022 £
Investments	332,628	223,917

14 Creditors

	Note	2023 £	2022 £
Due within one year			
Trade creditors		85,019	33,164
Social security and other taxes		23,232	25,141
Other creditors		12,673	19,265
Accrued expenses		65,240	113,496
		186,164	191,066
Due after one year			
Other capital grants		2,336	2,748
Social housing grant (amortised cost)	16	264,696	279,140
		267,032	281,888

15 Financial Instruments

Included in the loans and borrowings are the following amounts due after more than five years:

The other capital grants relate to grant funding received from Newcastle City Council in 2008 in respect of two of the houses. These grants are to be written off at 15% reducing balance inline with the depreciation policy for fixtures, fittings and equipment.

The RSHP considers that its financial instruments comprise of the Social Housing Grant (SHG) and Other Capital Grant, as both are included as liabilities within the financial statements. As the RSHP has no intention to dispose of its housing properties or contents, to which the grants relate, the grants will not become repayable. As a result the total balance of the grant creditors is presented as falling due in five years or more. The financial instruments held and fair value through the profit and loss are repayable as follows:

	2023 £	2022 £
In five years or more	267,032	281,888

16 Social housing grant

	Social housing grant £	Total £
Gross grant creditor		
At 1 February 2022	722,215	722,215
At 31 January 2023	722,215	722,215
Amortisation		
At 1 February 2022	443,075	443,075
Transfers	14,444	14,444
At 31 January 2023	457,519	457,519
Carrying amount		
At 31 January 2023	264,696	264,696
At 31 January 2022	279,140	279,140

The RSHP considers that its financial instruments include the Social Housing Grant which is included as a liability within the financial statements. The RSHP has no intention to dispose of its housing properties, therefore the Social Housing Grant will not become repayable.

17 Pension and other schemes

Defined contribution pension scheme
The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £28,137 (2022 - £25,569).

Contributions totalling £Nil (2022 - £659) were payable to the scheme at the end of the year and are included in creditors.

18 Reserves

Revaluation reserve - This reserve represents the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Restricted reserve - This reserve represents the unexpended balances of legacies and donations received specifically relating to the appropriate house.

Unrestricted reserve - This reserve represents retained earnings for which there is no restriction as to how they can be utilised.

The restricted reserves totalling £70,458 as detailed in the statement of Changes in Equity is made up as follows:

The restricted reserves at the year end relate to the following properties:
The Grove £53,116 (2022 - £53,116)
Castle Farm £17,342 (2022 - £25,656)
TOTAL £70,458(2021 - £78,772)

19 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	4,699	3,098
Later than one year and not later than five years	10,517	12,392
Later than five years	2,173	-
	17,389	15,490

20 Contingent liabilities

By a Deed of Declaration of Trust dated 14 April 1981 made by the Abbeyfield Newcastle upon Tyne Society Limited (the Society) (and registered with the Charity Commission under reference SEW – 227870 – A1 – L1) the Society declared inter alia that if it for any reason ceased to maintain the Doctor H.M. Gurney Wing at The Grove or if the wing ceased to be known as the Doctor H.M. Gurney Wing the Society would either sell the building of which the said wing forms part or have the building valued by a competent valuer and shall hold the proportion of the proceeds of sale or of the amount of the valuation attributable to the said wing for the general purposes of some other Charity having for its object the provision of after care benefit for elderly gentlewomen.

21 Related party transactions

There were no related party transactions in the year (2022: None)

22 Parent and ultimate parent undertaking

The ultimate controlling party is Executive Committee.

23 Non adjusting events after the financial period

The society is proposing to Merge with Abbeyfield Bamburgh Society, Berwick Society Ltd and Abbeyfield North Northumberland Extra Care Society. It is expected the merger will complete the end of July 2023.

ABBEYFIELD NORTHUMBRIA

England & Wales - Charity number 222742

Accounts

Registration number: 00702983

Homes England number: H0560

Charity Number: 222742

ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (THE)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 January 2022

Abbeyfield Newcastle upon Tyne Society Limited (The)

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Abbeyfield Newcastle upon Tyne Society Limited (The)

Company Information

Registered office	40A The Grove Gosforth Newcastle upon Tyne NE3 1NH
Vice-president	The Rt. Revd. Christine Hardman, Bishop of Newcastle
Executive Committee	Mrs V R Wilkinson Mr B Duell Mrs C L Eke Mr A W Kay Mr R MacKintosh Mrs P F Porter Mrs M Anderson
Chief Executive	Mr J Connelly

Key Management Personnel
The board consider the following to be KMP of the society and have delegated the day-to-day management responsibilities:

Mr J Connelly – CEO
Mrs K Brown – Manager, The Grove Care Home
Mrs C A Major – Manager, Castle Farm Care Home
Mrs C Logue – Deputy Manager, The Grove Care Home
Mrs A Forster – Deputy Manager, Castle Farm Care Home
Mr W K Parrish – Administrator
Mrs P Jones – Finance Officer - Until June 2021
Mrs J McStea - Finance Officer - From June 2021
Mrs L Lawson – Payroll Officer
Mrs H Angel – Volunteer & Activities Co-ordinator
Mrs N Pitman – Activities Co-ordinator

Company secretary	Mr W K Parrish
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Abbeyfield Newcastle upon Tyne Society Limited (The)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2022

The Executive Committees present their report and the financial statements for the year ended 31 January 2022.

Principle activity
The principle activity of the Society is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited.

Members of the Executive Committee
The Members of the Executive Committee during the year ended 31 January 2022 were as follows:

Mrs V R Wilkinson
Mr B Duell
Mrs C L Eke
Mr A W Kay
Mr R MacKintosh
Mrs P F Porter (appointed 17 November 2021)
Mrs M Anderson

Applications for membership of the Executive Committee are sought by direct correspondence to individuals with relevant experience and skills. Members serve for a three year period and may be re-elected thereafter. The Executive Committee meets six times per year.

Registration of the Association
The Abbeyfield Newcastle upon Tyne Society Limited is a company limited by guarantee, a registered provider of social housing and a registered charity governed by its memorandum and articles of association. The Society is registered under the Companies Act 2006 and the Housing and Regeneration Act 2008.

Financial Statements and state of the Association's affairs
The results for the year are shown in the Income and Expenditure Account.

Achievements & Performance

The financial year which ended on 31st January 2022 has been very challenging. The Covid pandemic negatively impacted void management and staff recruitment. There was a general lack of confidence across the industry as a whole, and this was not helped by the furore over double vaccinations for care home staff and the many restrictions on visiting. Also, the unfortunate collapse of one of our key utility providers in late 2021 has meant a steep rise in utility costs right at the end of the year. These factors alone have had an adverse effect on our Operational performance.

The negative variances in voids of (£56,242), agency staff costs of (£55,290) and Utilities of (£17,290) had a clear impact on our financial performance. We also had to post Development Fund costs which were (£29,416) variant to budget. This was due to expenditure we encountered in attempting to deliver an Extra-Care development with the Berwick Society which did not get on site due to commercial factors beyond our control.

Similar to last year, we received Central Government Grants issued by our Local Authority. These grants were fully committed and relate to a final year income of £86,664 to offset some of our other costs.

As per last year these grants were threefold:

1. The Infection Control Grant fund
2. The Adult Social Care Workforce Capacity fund, and
3. The Adult Social Care Rapid Test Fund.

These grants were provided to support the Care sector through the Covid pandemic, and have been used extensively in support of our staff and residents financing further safety measures and enhancing training initiatives and social experiences. These funds have been monitored closely and reported on regularly back to the Local Authority as part of the local agreement we have with them.

Therefore, in financial terms, although our expected budget income was reduced by (£53,175) or 2.7%, and despite the cost variances as detailed, by adding in the net movement of our investments of £109,480, we ended the year with a trading surplus of £117,036 against a budget expectation of a £2,701 surplus.

Good management of voids is our key income driver, and this year we have once again experienced longer periods of voids than we expected or anticipated. The management team have worked hard at managing this situation, keeping voids to a minimum, but the pandemic did create a general lack of confidence in the Residential care sector as a whole. This is now improving.

We continue to be very competitive in the local market place in relation to our room fees, determining that raising prices to combat the effects of Covid was not the answer as we come through this pandemic. We will continue to adopt our "value for money" culture throughout this Society as we develop and grow.

Our Investment Portfolio in the 2021/22 financial year started on a positive footing as the global economy continued to re-open following the pandemic and hopes increased for a successful global vaccination programme. Furthermore, additional financial and economic support packages were enacted by Governments and Central Banks in developed markets during the first quarter which saw equity markets continue to climb above pre-Covid levels. However, as 2021 drew to a close it became clear that such monetary and fiscal policies would be wound down and eventually needed to be paid for, mainly through higher taxes. As a result, market volatility spiked following a period of relative calm. Our portfolio was not immune to this volatility but overall, it is managed to a relatively cautious mandate, which aims to preserve its real value, and an overall gain of +5.7% for the financial year was a reasonable outcome and is a slightly higher return than UK inflation (CPI) which rose +5.4%.

Since we started our Investment Portfolio in 2018, valuations have fluctuated in line with financial markets, but it has tended to regularly outperform national market trends and has been well managed.

The economic and political outlook has worsened since the beginning of 2022, and as a result, financial assets will remain extremely volatile and against such an uncertain backdrop there will undoubtedly be some difficult months ahead. However, our portfolio remains well diversified across asset classes which should enable it to be relatively resilient in the short-term and perform well over the long-term.

This audit shows that our performance has once again been consistent in comparison with previous years, despite some abnormal costs this year which we have highlighted. In the opinion of the Auditors these financial statements do not contain any substantial risk, there is no evidence of any irregularities and they give a true and fair view of the state of The Society's financial affairs as at the 31st January 2022. The final audit has shown a clean set of figures, and even with the continuing impact of Covid 19 we are still recognised as being a going concern for the foreseeable future.

Our two House Managers deserve great credit for their respective performances in what has been a very difficult year. The constant changes in guidelines from central and local government has caused immense stress and extra pressures, but despite all of these challenges they have maintained good controls and kept a high level of service standards throughout.
Staff morale has been very good, and the teams in both homes have worked exceptionally hard and have faced these challenges with great professionalism in maintaining the standards of care, often under difficult circumstances, resulting in no major Covid issues at either home.

We had a formal inspection from our regulator, the Care Quality Commission (CQC) at the Grove in February and March 2021. Unfortunately, our previous rating of Good was downgraded to Requires Improvement in 2 categories, they being Safe and Well-Led. Although we disagreed with some of their comments and outcomes, we took the final report very seriously and were very proactive in implementing improvements where required. We also took professional advice from an independent industry consultant, acted upon their recommendations, which has resulted in improved quality procedures and standards. A recent follow-up inspection has indicated CQC's recognition of improvements that have been made, and we have been rated back to Good, which is an excellent result.

Castle Farm has had several positive "desk-top" assessments by CQC this year and they have indicated that they have no immediate intention to do a formal inspection, and Castle Farms' operating status is still rated as Good.

As a member of the Care North East consortium of care providers in Newcastle, we benefit from an agreed Residential Care fee increase with Newcastle City Council for their funded residents. This year the fees were increased by 2% on the previous year, and their fees are on continuous review by the consortium committee
This year we had 8 residents who are funded through the Local Authority.

The working relationships with the Local Authority and the Health Practitioners continued to be a strong point of this year. The Collaborative Newcastle group was set up across the sector initially in response to the Covid pandemic, to bring Care home managers and Health professionals together across the region to share best practice and discuss individual and collective concerns. This collaborative approach has continued this year, and both managers continue to find these discussion groups helpful and informative.

Despite the challenges, and in consideration of all the difficulties that we have faced this year, particularly in relation to voids and staff recruitment, the financial statements show a strong set of financial figures. Our investment portfolio has remained robust despite all the market fluctuations and the final audit has shown a clean audit with no qualifications.

The Executive Committee continues their long-term strategy to strengthen our property portfolio to offer a greater variety of accommodation and support for the elderly in our community, and to maintain our sustainability for the future.
The development opportunity of a potential site in Berwick upon Tweed finally stalled last year mainly due to unforeseen complications with the landowner. However, valuable lessons were learned from this which will be useful in future potential projects

Towards the end of 2021, the 4 Societies in the North East, those being Newcastle, Berwick, Bamburgh and Alnwick, began discussions towards more collaborative working leading to a possible merger. Initial meetings have suggested a transfer of assets to our society, as we are seen to be taking the lead in negotiations and discussions. There is obviously a long way to go but due diligence and legal matters have been initiated and it is hoped that this merger could be realised by the end of 2022

The central Abbeyfield Society continues on a course of significant and intensive strategic change. A new CEO started in January 2022 and there is anticipation of major changes to the structure of Abbeyfield in 2022, and to the relationships that Member societies, like ours, will have with central Abbeyfield. This will be through a new Abbeyfield England membership structure. Regional Ambassador roles have been created to replace the previous Regional Chair role, and our CEO is now the Regional Ambassador for the North of England. This role is primarily to be a link between membership and the current Abbeyfield Board and ultimately Abbeyfield England. This role is influential in the region, becoming more involved in developing regional approaches linked to the National Strategy as it develops.

Volunteering opportunities have been difficult this year mainly due to the Covid situation and the requirements to observe rules and guidelines. Despite this, we employed another Activity Session Leader late last year to augment the existing team in delivering a wide range of activities for our residents This has been a successful appointment and the role has brought welcome changes in the development of new and different activity sessions which the residents have appreciated.

Communication has continued to be an important factor this year in engaging with residents' family members. Regular updates were sent to them to keep them up to date with our situation and with any changes to guidance and legislation. This was particularly useful in relation to changes in visiting guidelines and informing them of covid vaccinations and boosters for residents. This continues to be well received and we receive regular feedback on our actions.

In summarizing, the operating year 2021/22 was a successful year in many respects. Despite the obvious impact of the Covid pandemic throughout the year and the continual changes in government guidelines, our financial performance remains strong even allowing for the high number of voids and other abnormal costs. Our investments are showing good returns and are well managed considering the major fluctuations and relative instability of the financial markets. We have a good management team and good core staff which has led to a continuity of service which is a major part of maintaining the wellbeing and safety of our residents. Despite the setbacks of the Berwick project, our ambitions to progress and grow continue, and the proposed merger with other Abbeyfield societies in the North East provides a great opportunity for us. However, we still remain cautious of the future in relation to the developing wider strategic aims of the central Abbeyfield Society. The development of the new Abbeyfield England structure, and potential outcomes, will enable us to make future decisions when we know more detail of the proposed strategy.

Having a settled, committed team, and a good financial base puts us in a strong position to build on our progress into the next financial year and beyond. Critical strategic decisions will need to be made in relation to the proposed merger and how that is managed to ensure our financial viability and sustainability in the future. The development of Abbeyfield England is also critical in whether we stay with the Abbeyfield group or consider other alternatives.

Governance
The Executive Committee adhere to the principal recommendations of the National Housing Federation's code of governance insofar as these are considered applicable to an organisation of this size.

The Finance & Audit Committee operates under specific terms of reference which delegate certain functions from the Executive Committee.

The Finance & Audit Committee meets six times a year. All decisions of the Finance & Audit Committee are required to be ratified by the Executive Committee. The House Committees are delegated authority from the Executive Committee for the responsibility of the day to day running of the respective Houses.

Risk Management
The major risks, to which the Society is exposed, as identified by the Executive Committee, have been reviewed and systems have been established to mitigate those risks by using the relevant Abbeyfield Standards procedures.

Value for money
As part of our ongoing strategy to ensure value for money, we continue to deliver our plan, meeting the required Standard, embedding a 'value for money' culture throughout the Society. Continuing to get best value from our resources is essential to ensure we can continue to deliver quality care and invest in the accommodation offered to our residents where necessary to maintain this.

Our key actions include the following:

- Continued development of centralised contracts to reduce overheads and to make efficient use of property budget spend.
- Regular management meetings with a view to addressing performance issues.
- Management of staffing resources to ensure that we are consistent and more efficient in the way we operate.
- Setting of a realistic budget with emphasis on fee setting, staff costs and control of vacancies.
- Continued development of partnership working with external agencies and internally with Abbeyfield and other member Societies.
- Ongoing Strategic Business Planning making best use of resources.
- Further engagement of our staff with appraisals, training and internal development.

The Executive Committee are committed to ensure that value for money is considered in decision-making at all levels in order to meet and exceed the Standard. This is reinforced through the Society's culture which strives, ultimately to add value to the Society through the provision of quality care to all of our residents.

	2022	2021
Reinvestment	0.0%	0.0%
New Supply Delivered – Social Housing Units %	-	-
New Supply Delivered – Non-social Housing Units	-	-
Gearing	0.0%	0.0%
EBITDA MRI Interest Cover	0%	0%
Headline Social Housing Cost per Unit	£34,369	£32,345
Operating Margin (Social Housing Lettings and Overall)	-1.8%	2.8%
Return on Capital Employed	-0.7%	1.4%

Statement of public benefit
The Executive Committee have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning its future activities. In particular, the Executive Committee consider how planned activities will contribute to the aims and objectives they have set.

The Executive Committee are committed to furthering the Society's objects primarily by providing high quality care and support to elderly users of the Society's facilities. It is the objective of the Executive Committee each year to maximise the public benefit of the Society in providing high quality care and support, having regard to the extent of the Society's income and reserves, the cost of facilities and the ability of residents to make payments from their own resources.

Reserves policy
We have in place a formal Reserves Policy which will be reviewed at the required timescale. This policy requires us to have a minimum of three months working capital immediately available with the remainder invested in two suitable and ethically appropriate investment portfolios, and professionally managed.

Investment funds are immediately available if they are so required. At year end the free reserves (which are the sum of net current assets plus fixed investments less restricted reserves) are £3,484,751 (2021: £3,296,570).

As already reported, Rathbones Investment Management are providing the necessary financial management of our two portfolios with monthly reports and monitoring of our account. The emphasis for Rathbones is to deliver income and capital growth for both portfolios. Detailed analysis reports are made available to the Finance and Audit Committee meeting on a bi-monthly basis for onward discussion at the full Executive Committee meeting.

Financial review
The full details and analysis of our financial performance is set out in the main body of this report. We feel that we are well placed to continue our progress during 2022/23 and beyond.

Report of the Board (including Strategic Report) for the Year Ended 31 January 2022 (continued)

Key performance indicators

The Executive Committee review our financial performance at each meeting taking into account any recommendations from the Finance & Audit Committee, after reviewing the full management accounts and the main KPI's as follows:

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Surplus/(Deficit) as % of Total turnover	%	.40	2.70
Occupancy at The Grove	%	84.40	87.90
Occupancy at Castle Farm	%	95.90	94.60
Total Staff costs as % of Total turnover	%	72.60	75.90
Food costs as % of Total turnover	%	5.00	5.30
Light/Heat cost as % of Total turnover	%	4.60	3.60
Voids as % of Housing Income	%	11.89	10.04

Internal Control Assurance
The Executive Committee has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Executive Committee recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Executive Committee has adopted a risk based approach to internal control which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed.

The process adopted by the Executive Committee in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks
This process is set out in the Society's risk management strategy. The Executive Committee has identified the significant strategic risks facing the Society and these are reviewed annually by the Executive Committee.

Monitoring and Corrective Action
The Society's risk management strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the Financial Statements.

Control environment and control procedures
The Executive Committee retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues in accordance with the relevant Abbeyfield standard.

Information and financial reporting systems
Financial reporting procedures cover the preparation of detailed budgets for the year ahead including forecast outturns which are reviewed on a monthly basis, as well as forecasts for subsequent years. These are reviewed and approved by the Executive Committee

The Executive Committee confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Society.

Status
The society is:

A registered charity for tax purposes (No. 222742)

A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives

Registered with the Homes England as a registered provider of social housing (No. H0560)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2022 (continued)

Statement of Executive Committee's Responsibilities

The Executive Committee acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Committee to prepare financial statements for each financial year. Under that law the Executive Committee have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Executive Committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Executive Committee 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Executive Committee are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing and Regeneration Act 2008, The Housing SORP2018 and the accounting direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- The reliability of financial information used within the Society or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Executive Committee to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Society's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Executive Committee to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- All investment projects are subject to formal authorisation procedures by the Executive Committee;
- The Executive Committee reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Society.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Executive Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 January 2022. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

Disclosure of information to the auditor

The Executive Committee has taken steps that they ought to have taken as an Executive Committee in order to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information. The Executive Committee confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Statement of compliance

The board confirms that this Report of the Board (including Strategic Report) has been prepared in accordance with the principles set out in Para 4.7 of the Housing SORP 2018 Update for Registered Social Housing Providers.

Approved by the Board on 20 July 2022 and signed on its behalf by:



Mrs V R Wilkinson
Executive

Abbeyfield Newcastle upon Tyne Society Limited (The)

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The)

Opinion

We have audited the financial statements of Abbeyfield Newcastle upon Tyne Society Limited (The) (the 'company') for the year ended 31 January 2022, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of 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), the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the, the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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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 company 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 director'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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

Other information
The Executive Committees are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 course of 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report to the board.

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

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

Responsibilities of directors
As explained more fully in the executive committees responsibilities (set out on page 9), the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- assessment of matters recorded on the risk register;
- reading correspondence with regulators including the Care Quality Commission;
- reviewing financial statement disclosures and testing to support documentation.
- challenging assumptions and judgements made by management in their significant accounting estimates; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); Care Quality Commission; and compliance with the UK Companies Act and the Housing and Regeneratiion Act 2008.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of
Azets Audit Services
Chartered Accountants
Statutory Auditor

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 25-7-2022

Azets Audit Services is a trading name of Azets Audit Services Limited

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Comprehensive Income for the Year Ended 31 January 2022

	Note	2022 £	2021 £
Turnover	3	1,903,156	1,847,952
Operating expenses	4	(2,021,124)	(1,923,474)
Other operating income	5	84,636	126,056
Operating (deficit)/surplus	6	(33,332)	50,534
Loss on financial assets at fair value through profit and loss account		(3,012)	(53,621)
Income from other fixed asset investments		43,595	35,609
Other interest receivable and similar income	7	305	1,948
Surplus for the financial year		7,556	34,470
Gain on revaluation of other assets	10	109,480	146,321
Total comprehensive income for the financial year		117,036	180,791

The above results were derived from continuing operations.

Approved and authorised by the Board on 20 July 2022 and signed on its behalf by:

Mrs V R Wilkinson
Executive

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

(Registration number: 00702983)
Statement of Financial Position as at 31 January 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	1,597,452	1,668,911
Investments	11	2,879,095	2,411,731
		4,476,547	4,080,642
Current assets			
Debtors	12	86,949	53,091
Investments	13	223,917	312,294
Cash at bank and in hand		564,628	770,224
		875,494	1,135,609
Creditors: Amounts falling due within one year	14	(191,066)	(157,384)
Net current assets		684,428	978,225
Total assets less current liabilities		5,160,975	5,058,867
Creditors: Amounts falling due after more than one year	14	(281,888)	(296,816)
Net assets		4,879,087	4,762,051
Capital and reserves			
Revaluation reserve	18	290,599	228,553
Restricted reserves	18	78,772	93,386
Unrestricted reserves	18	4,509,716	4,440,112
Total equity		4,879,087	4,762,051

Approved and authorised by the Board on 20 July 2022 and signed on its behalf by:

Mrs V R Wilkinson
Executive

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Changes in Equity for the Year Ended 31 January 2022

	Revaluation reserve £	Restricted reserve £	Unrestricted reserve £	Total £
At 1 February 2020	82,232	70,458	4,428,570	4,581,260
Total comprehensive income	146,321	-	34,470	180,791
Transfers	-	22,928	(22,928)	-
At 31 January 2021	228,553	93,386	4,440,112	4,762,051

	Revaluation reserve £	Restricted reserve £	Unrestricted account £	Total £
At 1 February 2021	228,553	93,386	4,440,112	4,762,051
Total comprehensive income	109,480	-	7,556	117,036
Transfers	(47,434)	(14,614)	62,048	-
At 31 January 2022	290,599	78,772	4,509,716	4,879,087

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Cash Flows for the Year Ended 31 January 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Surplus for the year		7,556	34,470
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(14,928)	(15,015)
Depreciation and amortisation	6	80,251	80,786
Finance income	7	(43,900)	(37,557)
		28,979	62,684
Working capital adjustments			
(Increase)/decrease in debtors	12	(33,858)	18,121
Increase in creditors	14	33,682	36,672
Net cash flow from operating activities		28,803	117,477
Cash flows from investing activities			
Interest received	7	43,900	37,557
Acquisitions of tangible assets		(8,792)	-
Acquisition of investments		(501,151)	(758,176)
Disposals of investments		143,267	821,735
Other current asset movements		88,377	(28,416)
Net cash flows from investing activities		(234,399)	72,700
Net (decrease)/increase in cash and cash equivalents		(205,596)	190,177
Cash and cash equivalents at 1 February		770,224	580,047
Cash and cash equivalents at 31 January		564,628	770,224

The notes on pages 21 to 34 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Notes to the Financial Statements for the Year Ended 31 January 2022

1 General information

The company is a company limited by guarantee, incorporated in England and Wales and registered with Homes England, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is 40A The Grove, Gosforth, Newcastle upon Tyne, NE3 1NH.

The society is:
- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes England as a registered provider of social housing (No. H0560)

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland,' the Accounting Directions for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2018 ('SORP2018'). The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

In accordance with FRS102 PBE3.3A the directors confirm that this Registered Social Housing Provider is a Public Benefit Entity.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

2 Accounting policies (continued)

Going concern
The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through cash generated from operations.

The company's forecasts and projections for the next twelve months show that the company, given its strong cash balance and investment portfolio, should be able to continue in operational existence for that period.

The directors have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no accounting judgements (apart from those involving estimates) made in the process of applying the above accounting policies.

Key sources of estimation uncertainty
Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Revenue recognition
Turnover represents rental income and service charges receivable net of rent and service charge losses from voids as well as social housing grants released. Turnover is recognised as the period of rent is due.

Government grants
In accordance with the performance method, government grants are released to the statement of comprehensive income when performance conditions have been met.

Tax
The Society has charitable status and is exempt from corporation tax on the income it has received.

The Society is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure in the income and expenditure account includes the relevant VAT.

2 Accounting policies (continued)

Tangible assets
Tangible assets (including social housing properties) are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of properties is their purchase price together with incidental costs of acquisition including interest payable. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Surpluses or deficits on the sale of housing land and buildings are accounted for in the income and expenditure account as the difference between the net sale proceeds and the net carrying value.

None of the RSHP's housing properties are considered to be investment properties.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Structure & roof	50 years straight line
Kitchens, bathrooms, doors and windows	30 years straight line
Lift	15 years straight line
Heating - boilers	10 years straight line
Heating - radiators	25 years straight line
Fixtures and fittings	15% reducing balance

Investments
Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment. The difference between the historic cost and the Market Value is shown as a revaluation reserve which can be both positive and negative at a year end.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Rent arrears and advances
In accordance with the Accounting Direction for Private Registered Providers of Social Housing, rent arrears and advances are not net-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

2 Accounting policies (continued)

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases
Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

Social housing grant
Social Housing Grant received as a capital contribution, in line with SORP2018 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the Social Housing Grant relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the RSHP holds all social housing properties at their historic cost.

The Social Housing Grant is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the Social Housing Grant is recognised in the Statement of Comprehensive Income as 'income'.

Social Housing Grant received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. Social Housing Grant is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Social Housing Grant received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of Social Housing Grant in advance is calculated by reference to the aggregate of all schemes in the Social Housing Grant funded development programme.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2 Accounting policies (continued)

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset or liability within the financial statements. The committee of management have reviewed the financial instruments held within the financial statements and consider them to be 'basic' and as such are recognised at their transactional value.

3 Turnover, operating costs and operating (deficit)/surplus for the year

	Turnover	Operating costs	Operating deficit 2022
	£	£	£
Social housing lettings	1,903,156	(1,925,659)	(22,503)
Other	84,636	(95,465)	(10,829)
	1,987,792	(2,021,124)	(33,332)

	Turnover	Operating costs	Operating surplus 2021
	£	£	£
Social housing lettings	1,847,952	(1,811,309)	36,643
Other	126,056	(99,645)	26,411
	1,974,008	(1,910,954)	63,054

3 Turnover, operating costs and operating (deficit)/surplus for the year (continued)

Particulars of the company's revenue for the year from continuing operations is as follows:

	2022	2021
	£	£
Rent receivable net of identifiable service charges	1,888,228	1,832,937
Amortised government grants	14,444	14,444
Other grants	484	571
	1,903,156	1,847,952
Void losses (being rental income lost as a result of property not being let, although available for letting)	(226,288)	(185,441)

4 Analysis of Turnover, Operating Costs and Operating Surplus for the year

	Social housing letting expenditure	Other expenditure	2022	2021
	£	£	£	£
Operating Expenditure				
Management charges payable	21,286	-	21,286	18,636
Routine maintenance	50,155	224	50,379	35,424
Planned maintenance	1,660	-	1,660	-
Depreciation of housing properties	80,251	-	80,251	80,786
Payroll costs	1,315,106	65,401	1,380,507	1,402,780
Other staff costs	34,458	23,573	58,031	2,011
Food	95,592	-	95,592	97,143
Other hire	8,477	-	8,477	7,998
Travelling and subsistence	2,743	-	2,743	1,144
Rent and rates	14,990	-	14,990	15,692
Light, heat and power	86,490	-	86,490	67,165
Insurance	23,830	-	23,830	17,413
Telephone and fax	9,720	-	9,720	9,572
Office expenses	36,839	-	36,839	38,466
Other costs	95,919	-	95,919	69,294
Legal and professional fees	3,663	-	3,663	1,090
Cleaning	13,808	6,267	20,075	38,017
Auditor's remuneration	5,950	-	5,950	5,450
Bank charges	373	-	373	378
Premises expenses	24,349	-	24,349	15,015
Total operating expenditure	1,925,659	95,465	2,021,124	1,923,474

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Government grants	81,850	122,573
Miscellaneous other operating income	2,786	3,483
	84,636	126,056

Government grant income includes income received for infection control. In 2021 it included infection control and Coronavirus job retention scheme.

6 Operating (deficit)/surplus

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	80,251	80,786
Development costs	44,416	40,298
Auditors remuneration	5,950	5,450
Amortised government grants	(14,444)	(14,444)

7 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	305	1,948

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	1,266,787	1,284,955
Social security costs	88,151	89,384
Pension costs, defined contribution scheme	25,569	28,441
	1,380,507	1,402,780

The average full time equivalent number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	6	4
Other	52	56
	58	60

No employees earned more than £60,000. None of the Executive Committee received any emoluments during 2022 (2021: £nil).

The total expenses reimbursed to the Executive Committee not chargeable for UK income tax during 2022 was £nil (2021: £nil).

There were no further related party transactions with the board.

The key management personnel of the Society comprise the Chief Executive Officer, the two Care Home Managers and Deputy Managers, the Administrator, the Finance Officer, the Payroll Officer, the Volunteer & Activities Co-ordinator and the Activities Co-ordinator. During the year salaries totalling £272,123 (2021: £257,453) were paid to key management personnel. Pension contributions totalling £8,818 (2021: £9,966) were made on behalf of key management personnel.

During the year the Chief Executive's pension arrangements continued to be a defined contribution scheme and the RHSP contributed £2,141 Employer contribution (2021: £2,102) into the scheme.

9 Auditor's remuneration

	2022	2021
	£	£
Audit of the financial statements	5,950	5,450

10 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 February 2021	3,315,192	482,685	3,797,877
Additions	-	8,792	8,792
At 31 January 2022	3,315,192	491,477	3,806,669
Depreciation			
At 1 February 2021	1,716,321	412,645	2,128,966
Charge for the year	68,426	11,825	80,251
At 31 January 2022	1,784,747	424,470	2,209,217
Carrying amount			
At 31 January 2022	1,530,445	67,007	1,597,452
At 31 January 2021	1,598,871	70,040	1,668,911

11 Investments

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
At 1 February 2021	2,411,731	2,411,731
Additions	501,151	501,151
Disposals	(143,267)	(143,267)
Fair value adjustments	109,480	109,480
At 31 January 2022	2,879,095	2,879,095

	2022 £	2021 £
Historic cost		
At 1 February	2,213,514	2,196,814
Additions	501,150	758,178
Disposals	(126,167)	(741,478)
At 31 January	2,588,497	2,213,514

Notes to the Financial Statements for the Year Ended 31 January 2022 (continued)

11 Investments (continued)

	2022 £	2021 £
Realised (loss)/gain		
Opening market value of disposals	143,267	821,735
Proceeds	(140,255)	(768,114)
Realised losses/(gains)	3,012	53,621

	2022 £	2021 £
Opening market value of investments	2,411,731	2,328,967
Closing market value of investments	(2,879,095)	(2,411,731)
	(467,364)	(82,764)
Additions	501,151	758,178
Disposals	(143,267)	(821,735)
Unrealised (gain) / loss per Statement of Comprehensive Income	(109,480)	(146,321)

Monies held by the broker as cash in a separate bank account is held on the balance sheet as current assets. At the year end the amount held in cash in current assets was £223,917 (2021: £312,294).

Investment holdings > 5%
At the year end, the organisation had individual investments exceeding 5% of the total value in the following holdings:

11 Investments (continued)

	Units	Cost £	Market Value £	% Holding %
Edgewood L Select US Select Growth I Z	510	90,915	145,219	5
SPDR Series Trust S&P 500 ETF	760	168,174	206,998	7
iShares PLC Physical Gold (ETC) (GBP)	5,400	161,396	142,668	5
Link Fund Solutions Trojan S Inc	57,000	135,958	162,559	6

12 Debtors

	2022 £	2021 £
Trade debtors (gross rent arrears)	30,068	16,139
Other debtors	13,605	4,899
Prepayments	43,276	32,053
	86,949	53,091

13 Current asset investments

	2022 £	2021 £
Investments	223,917	312,294

14 Creditors

	Note	2022 £	2021 £
Due within one year			
Trade creditors		33,164	31,642
Social security and other taxes		25,141	21,070
Other creditors		19,265	14,161
Accrued expenses		113,496	90,511
		191,066	157,384
Due after one year			
Other capital grants		2,748	3,232
Social housing grant (amortised cost)	16	279,140	293,584
		281,888	296,816

15 Financial Instruments

Included in the loans and borrowings are the following amounts due after more than five years:

The other capital grants relate to grant funding received from Newcastle City Council in 2008 in respect of two of the houses. These grants are to be written off at 15% reducing balance inline with the depreciation policy for fixtures, fittings and equipment.

The RSHP considers that its financial instruments comprise of the Social Housing Grant (SHG) and Other Capital Grant, as both are included as liabilities within the financial statements. As the RSHP has no intention to dispose of its housing properties or contents, to which the grants relate, the grants will not become repayable. As a result the total balance of the grant creditors is presented as falling due in five years or more. The financial instruments held and fair value through the profit and loss are repayable as follows:

	2022 £	2021 £
In five years or more	281,888	296,816

16 Social housing grant

	Social housing grant £	Total £
Gross grant creditor		
At 1 February 2021	722,215	722,215
At 31 January 2022	722,215	722,215
Amortisation		
At 1 February 2021	428,631	428,631
Transfers	14,444	14,444
At 31 January 2022	443,075	443,075
Carrying amount		
At 31 January 2022	279,140	279,140
At 31 January 2021	293,584	293,584

The RSHP considers that its financial instruments include the Social Housing Grant which is included as a liability within the financial statements. The RSHP has no intention to dispose of its housing properties, therefore the Social Housing Grant will not become repayable.

17 Pension and other schemes

Defined contribution pension scheme
The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £25,569 (2021 - £28,441).

Contributions totalling £659 (2021 - £1,072) were payable to the scheme at the end of the year and are included in creditors.

18 Reserves

Revaluation reserve - This reserve represents the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Restricted reserve - This reserve represents the unexpended balances of legacies and donations received specifically relating to the appropriate house.

Unrestricted reserve - This reserve represents retained earnings for which there is no restriction as to how they can be utilised.

The restricted reserves totalling £78,772 as detailed in the statement of Changes in Equity is made up as follows:

The restricted reserves at the year end relate to the following properties:
The Grove £53,116 (2021 - £56,436)
Castle Farm £25,656 (2021 - £36,950)
TOTAL £78,772 (2021 - £93,386)

19 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	3,098	4,095
Later than one year and not later than five years	12,392	6,104
	15,490	10,199

20 Contingent liabilities

By a Deed of Declaration of Trust dated 14 April 1981 made by the Abbeyfield Newcastle upon Tyne Society Limited (the Society) (and registered with the Charity Commission under reference SEW – 227870 – A1 – L1) the Society declared inter alia that if it for any reason ceased to maintain the Doctor H.M. Gurney Wing at The Grove or if the wing ceased to be known as the Doctor H.M. Gurney Wing the Society would either sell the building of which the said wing forms part or have the building valued by a competent valuer and shall hold the proportion of the proceeds of sale or of the amount of the valuation attributable to the said wing for the general purposes of some other Charity having for its object the provision of after care benefit for elderly gentlewomen.

21 Parent and ultimate parent undertaking

The ultimate controlling party is Executive Committee.

ABBEYFIELD NORTHUMBRIA

England & Wales - Charity number 222742

Accounts

Registration number: 00702983

Homes England number: H0560

Charity Number: 222742

ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (THE)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 January 2021

Abbeyfield Newcastle upon Tyne Society Limited (The)

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Abbeyfield Newcastle upon Tyne Society Limited (The)

Company Information

Registered office	40A The Grove Gosforth Newcastle upon Tyne NE3 1NH
Vice-president	The Rt. Revd. Christine Hardman, Bishop of Newcastle
Executive Committee	Mrs V R Wilkinson - Chairperson Mrs M Anderson Mr B Duell Mrs C L Eke Mr A W Kay Mr R MacKintosh
Chief Executive	Mr J Connelly

Key Management Personnel
The board consider the following to be KMP of the society and have delegated the day-to-day management responsibilities:

Mr J Connelly – CEO
Mrs K Brown – Manager, The Grove Care Home
Mrs C A Major – Manager, Castle Farm Care Home
Mrs C Logue – Deputy Manager, The Grove Care Home
Mrs A Forster – Deputy Manager, Castle Farm Care Home
Mr W K Parrish – Administrator
Mrs P Jones – Finance Officer
Mrs L Lawson – Payroll Officer
Mrs H Angel – Volunteer & Activities Co-ordinator
Mrs N Pitman – Activities Session Leader

Company secretary	Mr W K Parrish
Bankers	Barclays Bank Plc Gosforth High Street 59 High Street Gosforth Newcastle upon Tyne NE3 4AA
Investment Broker	Rathbone Investment Management Limited Earl Grey House 75-85 Grey Street Newcastle upon Tyne NE1 6EF
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Abbeyfield Newcastle upon Tyne Society Limited (The)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2021

The Executive Committee present their report and the financial statements for the year ended 31 January 2021.

Principle activity
The principle activity of the Society is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited.

Members of the Executive Committee
The Members of the Executive Committee during the year ended 31 January 2021 were as follows:

Mrs V R Wilkinson - Chairperson
Mrs M Anderson
Mr B Duell
Mrs C L Eke
Mr A W Kay
Mr R MacKintosh

Applications for membership of the Executive Committee are sought by direct correspondence to individuals with relevant experience and skills. Members serve for a three year period and may be re-elected thereafter. The Executive Committee meets six times per year.

Registration of the Association
The Abbeyfield Newcastle upon Tyne Society Limited is a company limited by guarantee, a registered provider of social housing and a registered charity governed by its memorandum and articles of association. The Society is registered under the Companies Act 2006 and the Housing and Regeneration Act 2008.

Financial Statements and state of the Association's affairs
The results for the year are shown in the Income and Expenditure Account.

Achievements & Performance
The financial year which ended on 31st January 2021 has once again shown an operational surplus before considering any YTD movement on the investment portfolio. This was an increase on our budget expectations of 21%, in cash terms £6250. This was also significant improvement on last year in terms of "like for like" performance. In the accounts there is a further £26k surplus quoted which is the unspent Government grants at our year end, this surplus is accrued in this year's accounts rather than being carried over. These funds are committed and will reflect in the current years' Financial accounts.
The Government grants were threefold:

1. The Infection Control Grant fund
2. The Adult Social Care Workforce Capacity fund, and
3. The Adult Social Care Rapid Test Fund.

These funds related to initiatives to support the Care sector through the Covid 19 pandemic, and have been used widely in support of our staff and residents providing further safety measures and provision of I.T. equipment to enhance staff training and social experiences, amongst other things.

The annual accounts clearly reflect the impact that voids have had this year mainly due to Covid which has affected the general confidence in Residential care across the sector. Void losses are reported as (£185,441) against a budget of (£52,591).

This has had an impact obviously, but even with an increase in salaries, the good use of Government grants and the good control of day to day costs has led to a strong Balance sheet. This has been further helped by our Investment performance which has had a positive impact on our Net Current Assets and ultimately a good improvement in our total equity, which is 4.2% higher than last year.

Void management is our key to driving income, and this year we have experienced longer terms of voids than we anticipated, much of which was beyond our direct control, but overall this has been managed well. As part of our ongoing plan to ensure value for money we will continue our "value for money" culture throughout the Society.

The Audit shows that our performance has been very consistent in comparison with the previous year, despite the abnormal void situation. In the opinion of the Auditors these financial statements do not contain any substantial risk and there is no evidence of any irregularities and they give a true and fair view of the state of The Society's financial affairs as at the 31st January 2021. The final audit has shown a clean set of figures, and even with the impact of Covid 19 we are recognised as being a going concern for the foreseeable future.

Our Investment Portfolio was taken out in 2018. This year, valuations have fluctuated in line with financial markets, but it has tended to regularly outperform national market trends and has been well managed.

The consolidated portfolio valuation (which includes the investment cash balances held in current assets) at 31st January 2021 showed a net increase for the financial year of £111,174, a portfolio gain of 4.1% net of all charges. The stand out figure was the performance of overseas equities which had a gain of 14.8% against the FTSE index of 12.9%. Our other assets outperformed the general market in every category. Overall this is a positive outcome considering that this reporting period includes the equity market collapse of March 2020 when the Covid pandemic took hold.

The strong managerial performances by our two House Managers in maintaining good controls amidst all the other challenges that this year brought, has been a key element in our financial performance in what has been a difficult year.

We continue to be a member of the Care North East consortium of care providers in Newcastle, which enabled us to benefit from an agreed Residential Care fee increase of 6.7% with Newcastle City Council this year. We were informed at the time, that this figure would be index linked for the next three years. However, with the impact of Covid across the sector this is currently under review.
We still have currently 8 residents who are funded through the Local Authority

Our working relationships with the Local Authority and the Health Practitioners has been a strong point of this year, and we are now part of the "Collaborative Newcastle" group. This was set up across the sector in response to the Covid pandemic to bring Care home managers together with Health professionals to share best practice and discuss individual and collective concerns. Both managers have found these regular discussions helpful and this collaborative approach will continue post-Covid.

In summary, despite the immense challenges we have faced this year, the financial statements again show a strong set of financial figures, with sound investments and the final audit has shown a clean audit with no qualifications.

Report of the Board (including Strategic Report) for the Year Ended 31 January 2021 (continued)

The Executive Committee maintains their long-term strategy to strengthen our property portfolio to offer a greater variety of accommodation and support for the elderly in our community. We have continued to develop an option on a potential site in Berwick upon Tweed in partnership with the local Abbeyfield Berwick upon Tweed Society. This site has the full backing of Northumberland County Council and has received outline planning permission. Potential funding has been obtained in principle, however, there have been recent setbacks in relation to the land which has caused the project to stall. Further negotiations are ongoing but due to issues created by the land owner, the financial impact of this may make the project financially unviable.

The wider financial issues and implications need to be considered carefully in a development of this scale and the mitigation of all risk is vital before any firm decision can be made by the Board of Trustees.

We have continued the development of closer working with other North East societies in line with the wider strategic aims of The Abbeyfield Society and have once again taken a leading role in several local and national initiatives.

The central Abbeyfield Society is going through a significant and intensive period of strategic change. After the national Abbeyfield AGM in November 2020, an Abbeyfield England Work Group was established to represent the English Member Societies in all matters relating to the future linked to the wider strategy. The CEO of our society sits on that group in the position of Northern Regional Chair, and is perceived as having an influential role in the region. And, as such, has become more involved in developing strategic approaches to issues linked to the National Strategy, with a view to developing the Membership profile both on a Regional and National basis.

In consideration of all the challenges this year, our staff morale has been excellent, and they, as a team, have faced these challenges with great professionalism in maintaining the standards of care, often under difficult circumstances. Once again, our staff turnover was minimal which strongly suggests that our staff are happy with their work environment, training they receive and the way they are managed. Personal feedback from staff would further endorse this

Volunteering opportunities have been difficult this year mainly due to the Covid situation and the requirements to observe regularly changing rules and guidelines. Despite this, we employed an Activity Session Leader late last year to compliment the existing team in delivering a wide range of activities as much as the guidelines would allow. This has been a successful appointment and the role has brought welcome changes in the development of new and different activity sessions which the residents have appreciated.

There is the opportunity to build on that role in the coming year.

Communication has been important this year in that since the onset of the pandemic in March 2020, a weekly update has been sent to all family members we engage with. This is to appraise them of the situation and how, if any, changing guidelines have impacted on our residents' health, safety and wellbeing. This has been well received and we receive regular feedback on our actions.

In summarizing, the operating year 2020/21 was a successful year in many areas. Despite the obvious impact of the Covid pandemic early in the year, our financial performance remains positive even allowing for the high number of voids. Our investments are showing good returns and are well managed considering the major fluctuations of the financial markets. We have good staff retention which has led to a continuity of service which is a major part of maintaining the wellbeing and safety of our residents. Despite recent setbacks, our ambitions to progress and grow continue, but we remain cautious of the future in relation to the developing wider strategic aims of the central Abbeyfield Society. The development of the Abbeyfield England Group, and outcomes, should enable us to make future decisions when we know more detail of the proposed strategy and understand how we fit within the same.

Having a settled, committed team, and a good financial base puts us in a strong position to build on our progress into the next financial year and beyond, when more critical strategic decisions will need to be made to ensure our financial viability and sustainability.

Governance
The Executive Committee adhere to the principal recommendations of the National Housing Federation's code of governance insofar as these are considered applicable to an organisation of this size.

The Finance & Audit Committee operates under specific terms of reference which delegate certain functions from the Executive Committee.

The Finance & Audit Committee meets six times a year. All decisions of the Finance & Audit Committee are required to be ratified by the Executive Committee. The House Committees are delegated authority from the Executive Committee for the responsibility of the day to day running of the respective Houses.

Risk Management
The major risks, to which the Society is exposed, as identified by the Executive Committee, have been reviewed and systems have been established to mitigate those risks by using the relevant Abbeyfield Standards procedures.

Value for money
As part of our ongoing strategy to ensure value for money, we continue to deliver our plan, meeting the required Standard, embedding a 'value for money' culture throughout the Society. Continuing to get best value from our resources is essential to ensure we can continue to deliver quality care and invest in the accommodation offered to our residents where necessary to maintain this.

Our key actions include the following:

- Continued development of centralised contracts to reduce overheads and to make efficient use of property budget spend.
- Regular management meetings with a view to addressing performance issues.
- Management of staffing resources to ensure that we are consistent and more efficient in the way we operate.
- Setting of a realistic budget with emphasis on fee setting, staff costs and control of vacancies.
- Continued development of partnership working with external agencies and internally with Abbeyfield and other member Societies.
- Ongoing Strategic Business Planning making best use of resources.
- Further engagement of our staff with appraisals, training and internal development.

The Executive Committee are committed to ensure that value for money is considered in decision-making at all levels in order to meet and exceed the Standard. This is reinforced through the Society's culture which strives, ultimately to add value to the Society through the provision of quality care to all of our residents.

	2021	2020
Reinvestment	0.0%	2.3%
New Supply Delivered – Social Housing Units %	-	-
New Supply Delivered – Non-social Housing Units	-	-
Gearing	0.0%	0.0%
EBITDA MRI Interest Cover	37490%	39138%
Headline Social Housing Cost per Unit	£34,348	£33,779
Operating Margin (Social Housing Lettings and Overall)	2.8%	1.8%
Return on Capital Employed	1.1%	0.7%

Statement of public benefit
The Executive Committee have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning its future activities. In particular, the Executive Committee consider how planned activities will contribute to the aims and objectives they have set.

The Executive Committee are committed to furthering the Society's objects primarily by providing high quality care and support to elderly users of the Society's facilities. It is the objective of the Executive Committee each year to maximise the public benefit of the Society in providing high quality care and support, having regard to the extent of the Society's income and reserves, the cost of facilities and the ability of residents to make payments from their own resources.

Reserves policy
As recommended in a previous Audit we now have in place a formal Reserves Policy which will be reviewed at the required timescale. This policy requires us to have a minimum of three months working capital immediately available with the remainder invested in two suitable and ethically appropriate investment portfolios, and professionally managed.
Investment funds are immediately available if they are so required. At year end the free reserves of the entity are £3,068,016 (2020: £2,990,705)

As already reported, Rathbones Investment Management are providing the necessary financial management of our two portfolios with monthly reports and monitoring of our account. The emphasis for Rathbones is to deliver income and capital growth for both portfolios. Detailed analysis reports are made available to the Finance and Audit Committee meeting on a bi-monthly basis for onward discussion at the full Executive Committee meeting.

Financial review
The full details and analysis of our financial performance is set out in the main body of this report. We feel that we are well placed to continue our progress during 2021/22 and beyond.

Report of the Board (including Strategic Report) for the Year Ended 31 January 2021 (continued)

Key performance indicators

The Executive Committee review our financial performance at each meeting taking into account any recommendations from the Finance & Audit Committee, after reviewing the full management accounts and the main KPI's as follows:

The company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Surplus/(Deficit) as % of Total turnover	%	2.70	1.80
Occupancy at The Grove	%	87.90	96.90
Occupancy at Castle Farm	%	94.60	98.30
Total Staff costs as % of Total turnover	%	75.90	70.30
Food costs as % of Total turnover	%	5.30	5.00
Light/Heat cost as % of Total turnover	%	3.60	3.50

Internal Control Assurance
The Executive Committee has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Executive Committee recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Executive Committee has adopted a risk based approach to internal control which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed.

The process adopted by the Executive Committee in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks
This process is set out in the Society's risk management strategy. The Executive Committee has identified the significant strategic risks facing the Society and these are reviewed annually by the Executive Committee.

Monitoring and Corrective Action
The Society's risk management strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the Financial Statements.

Control environment and control procedures
The Executive Committee retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues in accordance with the relevant Abbeyfield standard.

Information and financial reporting systems
Financial reporting procedures cover the preparation of detailed budgets for the year ahead including forecast outturns which are reviewed on a monthly basis, as well as forecasts for subsequent years. These are reviewed and approved by the Executive Committee

The Executive Committee confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Society.

Status
The society is:

A registered charity for tax purposes (No. 222742)

A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives

Registered with the Homes England as a registered provider of social housing (No. H0560)

Report of the Board (including Strategic Report) for the Year Ended 31 January 2021 (continued)

Statement of Executive Committee's Responsibilities

The Executive Committee acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Committee to prepare financial statements for each financial year. Under that law the Executive Committee have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Executive Committee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Executive Committee 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Executive Committee are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, Housing and Regeneration Act 2008, The Housing SORP2018 and the accounting direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- The reliability of financial information used within the Society or for publication;
- The maintenance of proper accounting records;
- The safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Executive Committee to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:

Report of the Board (including Strategic Report) for the Year Ended 31 January 2021 (continued)

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Society's assets;
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Executive Committee to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- All investment projects are subject to formal authorisation procedures by the Executive Committee;
- The Executive Committee reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Society.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Executive Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 January 2021. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

Disclosure of information to the auditor
The Executive Committee has taken steps that they ought to have taken as an Executive Committee in order to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information. The Executive Committee confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Statement of compliance
The board confirms that this Report of the Board (including Strategic Report) has been prepared in accordance with the principles set out in Para 4.7 of the Housing SORP 2018 Update for Registered Social Housing Providers.

Approved by the Board on 24/6/21 and signed on its behalf by:

.....
Mrs V R Wilkinson - Chairperson

Abbeyfield Newcastle upon Tyne Society Limited (The)

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The)

Opinion

We have audited the financial statements of Abbeyfield Newcastle upon Tyne Society Limited (The) (the 'company') for the year ended 31 January 2021, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of 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), the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Statement of Recommended Practice (SORP) accounting by Registered Social Housing Providers 2018 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 company 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 director'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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report to the board.

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

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

Responsibilities of directors
As explained more fully in the executive committees responsibilities (set out on page 9), the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of matters recorded on the risk register
- Reading correspondence with regulators including the Care Quality Commission
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to stock provisions; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); Care Quality Commission; and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Independent Auditor's Report to the Members of Abbeyfield Newcastle upon Tyne Society Limited (The) (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014, s. 87. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 24/6/21

MHA Tait Walker is a trading name of Tait Walker LLP.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Comprehensive Income for the Year Ended 31 January 2021

	Note	2021 £	2020 £
Turnover		1,847,952	1,881,697
Operating expenses		(1,923,474)	(1,853,939)
Other operating income	5	126,056	5,743
Operating surplus	6	50,534	33,501
(Loss)/gain on financial assets at fair value through profit and loss account		(53,621)	20,699
Income from other fixed asset investments		35,609	48,411
Other interest receivable and similar income	7	1,948	2,976
Surplus for the financial year		34,470	105,587
Surplus/(deficit) on revaluation of other assets	10	146,321	168,639
Total comprehensive income for the financial year		180,791	274,226

The above results were derived from continuing operations.

Approved and authorised by the Board on 24/6/21 and signed on its behalf by:

.....
Mrs V R Wilkinson - Chairperson

The notes on pages 19 to 32 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

(Registration number: 00702983)
Statement of Financial Position as at 31 January 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	1,668,911	1,749,697
Investments	11	2,411,731	2,328,973
		4,080,642	4,078,670
Current assets			
Debtors	12	53,091	71,212
Investments	13	312,294	283,878
Cash at bank and in hand		770,224	580,047
		1,135,609	935,137
Creditors: Amounts falling due within one year	14	(157,384)	(120,715)
Net current assets		978,225	814,422
Total assets less current liabilities		5,058,867	4,893,092
Creditors: Amounts falling due after more than one year	14	(296,816)	(311,832)
Net assets		4,762,051	4,581,260
Capital and reserves			
Revaluation reserve	18	228,553	82,232
Restricted reserves	18	93,386	70,458
Unrestricted reserves	18	4,440,112	4,428,570
Total equity		4,762,051	4,581,260

Approved and authorised by the Board on 24/6/21 and signed on its behalf by:

.....
Mrs V R Wilkinson - Chairperson

The notes on pages 19 to 32 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Changes in Equity for the Year Ended 31 January 2021

	Revaluation reserve £	Restricted reserve £	Unrestricted reserve £	Total £
At 1 February 2019	(86,407)	70,458	4,322,983	4,307,034
Total comprehensive income	168,639	-	105,587	274,226
At 31 January 2020	82,232	70,458	4,428,570	4,581,260

	Revaluation reserve £	Restricted reserve £	Unrestricted account £	Total £
At 1 February 2020	82,232	70,458	4,428,570	4,581,260
Total comprehensive income	146,321	-	34,470	180,791
Transfers	-	22,928	(22,928)	-
At 31 January 2021	228,553	93,386	4,440,112	4,762,051

The notes on pages 19 to 32 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Statement of Cash Flows for the Year Ended 31 January 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Surplus for the year		34,470	105,587
Adjustments to cash flows from non-cash items			
Social housing grant recognised in income		(15,015)	(15,115)
Depreciation and amortisation	6	80,786	82,968
Finance income	7	(37,557)	(51,387)
		62,684	122,053
Working capital adjustments			
Decrease/(increase) in debtors	12	18,121	(18,705)
Increase in creditors	14	36,672	8,460
Net cash flow from operating activities		117,477	111,808
Cash flows from investing activities			
Interest received	7	37,557	51,387
Acquisitions of tangible assets		-	(47,506)
Acquisition of other investments		(758,176)	(1,268,461)
Disposals of other investments		821,735	712,329
Other current asset movements		(28,416)	508,694
Net cash flows from investing activities		72,700	(43,557)
Net increase in cash and cash equivalents		190,177	68,251
Cash and cash equivalents at 1 February		580,047	511,796
Cash and cash equivalents at 31 January		770,224	580,047

The notes on pages 19 to 32 form an integral part of these financial statements.

Abbeyfield Newcastle upon Tyne Society Limited (The)

Notes to the Financial Statements for the Year Ended 31 January 2021

1 General information

The company is a company limited by guarantee, incorporated in England and Wales and registered with Homes England, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The address of its registered office is 40A The Grove, Gosforth, Newcastle upon Tyne, NE3 1NH.

The society is:
- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes England as a registered provider of social housing (No. H0560)

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland,' the Accounting Directions for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2018 ('SORP2018'). The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

In accordance with FRS102 PBE3.3A the directors confirm that this Registered Social Housing Provider is a Public Benefit Entity.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis. The company meets its day to day working capital requirements through cash generated from operations.

The company's forecasts and projections for the next twelve months show that the company, given its strong cash balance and investment portfolio, should be able to continue in operational existence for that period, taking into account reasonable possible changes in occupancy, investment performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

In the directors assessment of possible changes they have considered a fall in occupancy and potential cost savings which are reflective of their business continuity plan.

Although the forecasts prepared taking account of the matters above support the ability of the company to be remain a going concern and to be able to trade and meets its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation. The directors have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Judgements

There have been no accounting judgements (apart from those involving estimates) made in the process of applying the above accounting policies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Revenue recognition

Turnover represents rental income and service charges receivable net of rent and service charge losses from voids as well as social housing grants released. Turnover is recognised as the period of rent is due.

Government grants

In accordance with the performance method, government grants are released to the statement of comprehensive income when performance conditions have been met.

2 Accounting policies (continued)

Tax
The Society has charitable status and is exempt from corporation tax on the income it has received.

The Society is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure in the income and expenditure account includes the relevant VAT.

Tangible assets
Tangible assets (including social housing properties) are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of properties is their purchase price together with incidental costs of acquisition including interest payable. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Surpluses or deficits on the sale of housing land and buildings are accounted for in the income and expenditure account as the difference between the net sale proceeds and the net carrying value.

None of the RSHP's housing properties are considered to be investment properties.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Structure & roof	50 years straight line
Kitchens, bathrooms, doors and windows	30 years straight line
Lift	15 years straight line
Heating - boilers	10 years straight line
Heating - radiators	25 years straight line
Fixtures and fittings	15% reducing balance

Investments
Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment. The difference between the historic cost and the Market Value is shown as a revaluation reserve which can be both positive and negative at a year end.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Rent arrears and advances
In accordance with the Accounting Direction for Private Registered Providers of Social Housing, rent arrears and advances are not net-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

Trade creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases
Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

Social housing grant
Social Housing Grant received as a capital contribution, in line with SORP2018 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the Social Housing Grant relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the RSHP holds all social housing properties at their historic cost.

The Social Housing Grant is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the Social Housing Grant is recognised in the Statement of Comprehensive Income as 'income'.

Social Housing Grant received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. Social Housing Grant is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Social Housing Grant received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of Social Housing Grant in advance is calculated by reference to the aggregate of all schemes in the Social Housing Grant funded development programme.

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

A financial instrument is a contract that gives rise to a financial asset or liability within the financial statements. The committee of management have reviewed the financial instruments held within the financial statements and consider them to be 'basic' and as such are recognised at their transactional value.

3 Turnover, operating costs and operating surplus for the year

	Turnover	Operating costs	Operating surplus 2021
	£	£	£
Social housing lettings	1,847,952	(1,811,309)	36,643
Other	126,056	(99,645)	26,411
	1,974,008	(1,910,954)	63,054

	Turnover	Operating costs	Operating surplus 2020
	£	£	£
Social housing lettings	1,881,697	(1,853,939)	27,758
Other	5,743	-	5,743
	1,887,440	(1,853,939)	33,501

3 Turnover, operating costs and operating surplus for the year (continued)

Particulars of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Rent receivable net of identifiable service charges	1,832,937	1,866,582
Amortised government grants	14,444	14,444
Other grants	571	671
	1,847,952	1,881,697
Void losses (being rental income lost as a result of property not being let, although available for letting)	(185,441)	(47,970)

4 Analysis of Turnover, Operating Costs and Operating Surplus for the year

	Social housing letting expenditure	Other expenditure	2021	2020
	£	£	£	£
Operating Expenditure				
Management charges payable	(18,636)	-	(18,636)	(18,289)
Routine maintenance	(33,117)	(2,307)	(35,424)	(63,163)
Planned maintenance	-	-	-	(18,237)
Depreciation of housing properties	(80,786)	-	(80,786)	(82,968)
Payroll costs	(1,325,299)	(77,481)	(1,402,780)	(1,332,601)
Other staff costs	(2,011)	-	(2,011)	(6,707)
Food	(97,143)	-	(97,143)	(93,855)
Other hire	(7,998)	-	(7,998)	(7,330)
Travelling and subsistence	(1,144)	-	(1,144)	(2,555)
Rent and rates	(15,692)	-	(15,692)	(14,994)
Light, heat and power	(67,165)	-	(67,165)	(65,847)
Insurance	(17,413)	-	(17,413)	(15,876)
Telephone and fax	(9,572)	-	(9,572)	(10,127)
Office expenses	(38,466)	-	(38,466)	(32,553)
Other costs	(67,367)	(1,927)	(69,294)	(52,791)
Legal and professional fees	(1,090)	-	(1,090)	(1,090)
Cleaning	(20,087)	(17,930)	(38,017)	(14,940)
Auditor's remuneration	(5,450)	-	(5,450)	(5,450)
Bank charges	(378)	-	(378)	(570)
Premises expenses	(15,015)	-	(15,015)	(13,996)
Total operating expenditure	(1,823,829)	(99,645)	(1,923,474)	(1,853,939)

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

5 Other operating income (continued)

	2021	2020
	£	£
Government grants	122,573	-
Miscellaneous other operating income	3,483	5,743
	126,056	5,743

Government grant income includes income received for infection control and Coronavirus job retention scheme.

6 Operating surplus

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	80,786	82,968
Development costs	40,298	19,600
Auditors remuneration	5,450	5,450
Amortised government grants	(14,444)	(14,444)

7 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	1,948	2,976

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	1,284,955	1,223,440
Social security costs	89,384	82,942
Pension costs, defined contribution scheme	28,441	26,219
	1,402,780	1,332,601

8 Staff costs (continued)

The average full time equivalent number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	4	4
Management	56	56
	60	60

No employees earned more than £60,000. None of the Executive Committee received any emoluments during 2021 (2020: £nil).

The total expenses reimbursed to the Executive Committee not chargeable for UK income tax during 2021 was £nil (2020: £nil).

There were no further related party transactions with the board.

The key management personnel of the Society comprise the Chief Executive Officer, the two Care Home Managers and Deputy Managers, the Administrator, the Finance Officer, the Payroll Officer, the Volunteer & Activities Co-ordinator and the Activities Session Leader. During the year salaries totalling £257,453 (2020: £249,618) were paid to key management personnel. Pension contributions totalling £9,966 (2020: £9,544) were made on behalf of key management personnel.

During the year the Chief Executive's pension arrangements continued to be a defined contribution scheme and the RHSP contributed £2,102 Employer contribution (2020: £1,937) into the scheme.

9 Auditor's remuneration

	2021 £	2020 £
Audit of the financial statements	5,450	5,450

10 Tangible assets

	Housing properties for let £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 February 2020	3,315,193	482,685	3,797,878
At 31 January 2021	3,315,193	482,685	3,797,878
Depreciation			
At 1 February 2020	1,647,897	400,284	2,048,181
Charge for the year	68,425	12,361	80,786
At 31 January 2021	1,716,322	412,645	2,128,967
Carrying amount			
At 31 January 2021	1,598,871	70,040	1,668,911
At 31 January 2020	1,667,296	82,401	1,749,697

11 Investments

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
At 1 February 2020	2,328,970	2,328,970
Additions	758,176	758,176
Disposals	(821,735)	(821,735)
Fair value adjustments	146,320	146,320
At 31 January 2021	2,411,731	2,411,731

	2021 £	2020 £
Historic cost		
At 1 February	2,196,814	1,690,606
Additions	758,178	1,268,461
Disposals	(741,478)	(762,253)
At 31 January	2,213,514	2,196,814

Notes to the Financial Statements for the Year Ended 31 January 2021 (continued)

11 Investments (continued)

	2021 £	2020 £
Realised (loss)/gain		
Opening market value of disposals	821,735	712,329
Proceeds	(768,114)	(733,028)
Realised losses/(gains)	53,621	(20,699)

	2021 £	2020 £
Opening market value of investments	2,328,967	1,604,196
Closing market value of investments	(2,411,731)	(2,328,967)
	(82,764)	(724,771)
Additions	758,178	1,268,461
Disposals	(821,735)	(712,329)
Unrealised (gain) / loss per Statement of Comprehensive Income	(146,321)	(168,639)

Monies held by the broker as cash in a separate bank account is held on the balance sheet as current assets. At the year end the amount held in cash in current assets was £312,294 (2020: £283,878).

Investment holdings > 5%
At the year end, the organisation had individual investments exceeding 5% of the total value in the following holdings:

11 Investments (continued)

	Units	Cost £	Market Value £	% Holding %
Edgewood L Select US Select Growth I Z	510	118,911	145,219	6
SPDR Series Trust S&P 500 ETF	760	190,946	206,998	9
iShares PLC Physical Gold (ETC) (GBP)	5,400	144,147	142,668	6
Link Fund Solutions Trojan S Inc	57,000	141,624	162,559	7
M&G Securities Ltd Global Macro Bond J Inc	99,000	108,504	108,761	5

12 Debtors

	2021 £	2020 £
Trade debtors (gross rent arrears)	16,139	35,048
Other debtors	4,899	5,138
Prepayments	32,053	31,026
	53,091	71,212

13 Current asset investments

	2021 £	2020 £
Investments	312,294	283,878

14 Creditors

	Note	2021 £	2020 £
Due within one year			
Trade creditors		31,642	32,075
Social security and other taxes		21,070	19,306
Other creditors		14,161	2,649
Accrued expenses		90,511	66,685
		157,384	120,715
Due after one year			
Other capital grants		3,232	3,804
Social housing grant (amortised cost)	16	293,584	308,028
		296,816	311,832

15 Financial Instruments

Included in the loans and borrowings are the following amounts due after more than five years:

The other capital grants relate to grant funding received from Newcastle City Council in 2008 in respect of two of the houses. These grants are to be written off at 15% reducing balance inline with the depreciation policy for fixtures, fittings and equipment.

15 Financial Instruments (continued)

The RSHP considers that its financial instruments comprise of the Social Housing Grant (SHG) and Other Capital Grant, as both are included as liabilities within the financial statements. As the RSHP has no intention to dispose of its housing properties or contents, to which the grants relate, the grants will not become repayable. As a result the total balance of the grant creditors is presented as falling due in five years or more. The financial instruments held and fair value through the profit and loss are repayable as follows:

	2021 £	2020 £
In five years or more	296,816	311,832

16 Social housing grant

	Social housing grant £	Total £
Gross grant creditor		
At 1 February 2020	722,215	722,215
At 31 January 2021	722,215	722,215
Amortisation		
At 1 February 2020	414,187	414,187
Transfers	14,444	14,444
At 31 January 2021	428,631	428,631
Carrying amount		
At 31 January 2021	293,584	293,584
At 31 January 2020	308,028	308,028

The RSHP considers that its financial instruments include the Social Housing Grant which is included as a liability within the financial statements. The RSHP has no intention to dispose of its housing properties, therefore the Social Housing Grant will not become repayable.

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £28,441 (2020 - £26,219).

Contributions totalling £1,072 (2020 - £576) were payable to the scheme at the end of the year and are included in creditors.

18 Reserves

Revaluation reserve - This reserve represents the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Restricted reserve - This reserve represents the unexpended balances of legacies and donations received specifically relating to the appropriate house.

Unrestricted reserve - This reserve represents retained earnings for which there is no restriction as to how they can be utilised.

The restricted reserves totalling £93,386 as detailed in the statement of Changes in Equity is made up as follows:

The restricted reserves at the year end relate to the following properties:
The Grove £56,436 (2020 - £53,115)
Castle Farm £36,950 (2020 - £17,343)
TOTAL £93,386 (2020 - £70,458)

19 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	4,095	7,087
Later than one year and not later than five years	6,104	9,659
	10,199	16,746

20 Contingent liabilities

By a Deed of Declaration of Trust dated 14 April 1981 made by the Abbeyfield Newcastle upon Tyne Society Limited (the Society) (and registered with the Charity Commission under reference SEW – 227870 – A1 – L1) the Society declared inter alia that if it for any reason ceased to maintain the Doctor H.M. Gurney Wing at The Grove or if the wing ceased to be known as the Doctor H.M. Gurney Wing the Society would either sell the building of which the said wing forms part or have the building valued by a competent valuer and shall hold the proportion of the proceeds of sale or of the amount of the valuation attributable to the said wing for the general purposes of some other Charity having for its object the provision of after care benefit for elderly gentlewomen.

21 Parent and ultimate parent undertaking

The ultimate controlling party is Executive Committee.