

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

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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.

Abbeyfield Northumbria

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

- 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.

Abbeyfield Northumbria

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

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.

Abbeyfield Northumbria

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.

Abbeyfield Northumbria

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

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%

Abbeyfield Northumbria

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.

Abbeyfield Northumbria

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

Abbeyfield Northumbria

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)

Abbeyfield Northumbria

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;

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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.

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.

Abbeyfield Northumbria

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.

Abbeyfield Northumbria

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 Regeneration 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.

Abbeyfield Northumbria

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	<u>1,633,843</u>	<u>33,795</u>
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	<u>3,877</u>	<u>352</u>
Surplus/(deficit) for the financial year	1,533,529	(109,355)
Gain on revaluation of other assets	<u>86,411</u>	<u>(65,251)</u>
Total comprehensive income/(deficit) for the financial year	<u><u>1,619,940</u></u>	<u><u>(174,606)</u></u>

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
		<u>6,125,100</u>	<u>4,286,432</u>
Current assets			
Debtors	12	134,101	169,350
Investments	13	195,811	332,628
Cash at bank and in hand		573,295	369,267
		<u>903,207</u>	<u>871,245</u>
Creditors: Amounts falling due within one year	14	<u>(253,471)</u>	<u>(186,164)</u>
Net current assets		<u>649,736</u>	<u>685,081</u>
Total assets less current liabilities		6,774,836	4,971,513
Creditors: Amounts falling due after more than one year	14	<u>(450,415)</u>	<u>(267,032)</u>
Net assets		<u>6,324,421</u>	<u>4,704,481</u>
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		<u>6,324,421</u>	<u>4,704,481</u>

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	<u>225,348</u>	<u>70,458</u>	<u>4,408,675</u>	<u>4,704,481</u>
	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	<u>311,759</u>	<u>70,458</u>	<u>5,942,204</u>	<u>6,324,421</u>

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)
		<u>1,539,980</u>	<u>(100,241)</u>
Working capital adjustments			
Decrease/(increase) in debtors	12	35,249	(82,401)
Increase/(decrease) in creditors	14	67,307	(4,902)
		<u>1,642,536</u>	<u>(187,544)</u>
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)
		<u>(1,438,508)</u>	<u>(7,817)</u>
Net cash flows from investing activities			
Net increase/(decrease) in cash and cash equivalents		204,028	(195,361)
Cash and cash equivalents at 1 February		<u>369,267</u>	<u>564,628</u>
Cash and cash equivalents at 31 January		<u><u>573,295</u></u>	<u><u>369,267</u></u>

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.

Abbeyfield Northumbria

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

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.

Abbeyfield Northumbria

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

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.

Abbeyfield Northumbria

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

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.

Abbeyfield Northumbria

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

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
	<u>4,265,249</u>	<u>(2,817,710)</u>	<u>1,447,539</u>
	Turnover £	Operating costs £	Operating surplus 2023 £
Social housing lettings	2,123,319	(2,269,610)	(146,291)
Other	33,795	(37,216)	(3,421)
	<u>2,157,114</u>	<u>(2,306,826)</u>	<u>(149,712)</u>

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
	<u>2,631,406</u>	<u>2,123,319</u>
Void losses (being rental income lost as a result of property not being let, although available for letting)	<u>(291,334)</u>	<u>(155,111)</u>

Abbeyfield Northumbria

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	<u>2,817,710</u>	<u>2,817,710</u>	<u>2,306,826</u>

Abbeyfield Northumbria

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

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
	<u>1,633,843</u>	<u>33,795</u>

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	<u>3,877</u>	<u>352</u>

Abbeyfield Northumbria

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

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
	<u>1,893,427</u>	<u>1,422,746</u>

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
	<u>69</u>	<u>57</u>

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	<u>13,200</u>	<u>7,740</u>

Abbeyfield Northumbria

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.

Abbeyfield Northumbria

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

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	<u>3,561,478</u>	<u>3,561,478</u>

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	<u>2,755,192</u>	<u>2,515,475</u>
	2024 £	2023 £
Realised (loss)/gain		
Opening market value of disposals	529,259	373,324
Proceeds	(541,724)	(356,373)
Realised losses/(gains)	<u>(12,465)</u>	<u>16,951</u>

Abbeyfield Northumbria

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

Abbeyfield Northumbria

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

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	<u>450,415</u>	<u>267,032</u>

16 Social housing grant

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

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.

Abbeyfield Northumbria

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

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
	<u>12,690</u>	<u>17,389</u>

Abbeyfield Northumbria

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

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.