

Company registration number: 00762159

Charity registration number: 229545

The Abbeyfield Sidmouth Society Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 30 September 2022

Easterbrook Eaton Limited
Statutory Auditors
Cosmopolitan House
Sidmouth
Devon
EX10 8LS

The Abbeyfield Sidmouth Society Limited

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The Abbeyfield Sidmouth Society Limited

Reference and Administrative Details

Trustees	Mr A Darrant, Chairman
	Mr R Seaver, Treasurer
	Mrs V Fursey
	Mrs J Mitchell
	Mrs S Phillips
Secretary	Mrs S Billingham
Charity Registration Number	229545
Company Registration Number	00762159
Registered Office	The charity is incorporated in England and Wales.
	Abbeyfield Court
	Station Road
	Sidmouth
	Devon
Auditor	EX10 8NW
	Easterbrook Eaton Limited
	Statutory Auditors
	Cosmopolitan House
	Sidmouth
Bankers	Devon
	EX10 8LS
	CAF Bank Ltd
	PO Box 289
	West Malling
	Kent
	ME19 4TA
	HSBC Bank Plc
	Fore Street
	Sidmouth
	Devon
	EX10 8AA

The Abbeyfield Sidmouth Society Limited

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 30 September 2022.

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:	Mr A Darrant, Chairman
	Mr R Cook, Secretary (resigned 8 April 2022)
	Mr R Seaver, Treasurer
	Mrs V Fursey
	Mrs C Drew (resigned 8 April 2022)
	Mrs A J Cook (resigned 8 April 2022)
	Mrs J Mitchell (appointed 19 October 2021)
	Mrs S Phillips (appointed 19 October 2021)
	Mrs G M N Mitchell (appointed 19 October 2021 and resigned 30 May 2022)
Secretary:	Mr R Cook, Secretary (resigned 8 April 2022)
	Mrs S Billingham (appointed 11 May 2022)

In accordance with the registered rules of the Society, Mr Darrant, Mrs Fursey and Mr. Seaver are required to retire by rotation and are expected to put themselves up for re-election at the next Annual General Meeting on 5th April 2023.

Objectives and activities

Objects and aims

The principal activity of the Society, as determined by its Memorandum of Association, continues to be the provision of accommodation, support and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited. This activity falls wholly within Hostel Housing activities as defined in the Housing and Regeneration Act 2008.

Public benefit

The Trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charities Commission for England and Wales

The Abbeyfield Sidmouth Society Limited

Trustees' Report

Achievements and performance

During the year, the Society continued to provide full-time accommodation, meals and other services on an "assisted-living" basis, for up to 65 elderly but physically mobile residents who mostly have roots in the local community but wish to retain their personal independence within a secure, caring, and friendly environment.

Where residents have mobility or other health issues, the Society facilitates access to carers.

Family visits are very welcome and, where applicable, administrative assistance and advice is given to those who might be entitled to receive Housing Benefits.

For many residents, the only alternative to "Abbeyfield living" would be to live alone. Their families and friends are therefore relieved, to a significant extent, of the additional worry and financial burden that their elderly relatives, if living on their own, might otherwise cause them.

Staff, including unpaid volunteers, have a welcome opportunity to actively contribute to the welfare of elderly people, as well as, in most cases, earning a salary in an area which otherwise holds restricted opportunities for employment. This is particularly true in cases in which an individual is unable to work on a full-time basis due to their own family responsibilities.

Financial review

Statements of Financial Activity for the year 2021-2022 Income & Expenditure, Balance Sheet, and Cash Flows- are set out on pages 17, 19 & 20 respectively. These should be read in conjunction with the supporting Accounting Policies and Notes set out on pages 21 -28 inclusive.

Key Points are as follows:

Income from Residents

The total number of accommodation Units under management remained at 59, of which a monthly average of 52 were occupied.

On 1st August 2022, the closure of our largest House (Abbeyfield Court, with 26 Units under management) was announced, and was completed on 31st October 2022.

During the months of August and September 2022 the average number of Units occupied at Abbeyfield Court was 16, making a weighted average for that house for the full year of 21.

Income generated from the units under management was £999,605 (£81,286 or 8.9% higher YOY). After the end of COVID restrictions in early 2022, and despite annual Rent increases in April 2022, fewer units remained unoccupied and finding new tenants became easier.

Income from Residents represented 98.8% of total income- up from 97.9% last year.

The Abbeyfield Sidmouth Society Limited

Trustees' Report

Wages & Salaries

An average of 41 paid staff and 2 unpaid volunteers were employed during the year. Since most paid staff do not work on a full-time basis, this was the equivalent of 22 full-time staff. These staffing levels were unchanged YoY.

Wages & Salaries amounted to £640,747 (£273,860 or 74.6.% higher YOY) and represented 47.0% of total Expenditure on Charitable Activities-up from 42.0% last year.

However, in 2020/2021 an unused provision of £192,192 established in 2016/2017 was written back, thereby reducing reported Wages & Salaries.

On a like-for-like basis (I.E. Excluding the impact of Provisions) the YoY increase in wages & salaries was £81,668 (14.6%), representing 52.5% of total Expenditure on Charitable Activities- unchanged from the previous year.

Wages & salaries remain by far our largest individual cost category at 64.1% of Gross Rentals received in 2021/2022- compared with 60.9% in the previous year.

Our medium-term target is for wages & salaries to be managed down to no more than 50.0% of Rentals.

Food Costs & Cleaning Materials

87% of these costs related to Food and represented our fifth largest cost-category. For the year these were £111,893 (£598- 0.5% lower YOY). Whilst increasing Food Costs have been a major element in the overall increase in the general cost-of-living, due to fewer Residents being accommodated during the COVID pandemic and, particularly after the closure of Abbeyfield Court, fewer residents were served in dining rooms.

The Abbeyfield Sidmouth Society Limited

Trustees' Report

General Maintenance

This is our third largest Cost which, for the year, amounted to £ 152,433 (£22,115- 17% higher YOY). Access to all three locations was severely reduced by the COVID restrictions in the second half of the 2020/2021 year and, the refurbishment of many void rooms had to be deferred into the latest year. General Maintenance represented only 12.5% of Expenditure on Charitable Activities (down from 15.8 % last year).

Progress continues to be made on meeting the maintenance costs recommended in the RICS survey in 2020. £1,280,000 at September 2020 prices (46% of the total) were recommended for Cotmaton & Culver houses- neither of which are impacted by closures. In the year ended 30/9/2022, the total maintenance cost in these two houses combined was £110,287, still some way short of the annual target set in the RICS survey.

Light, Heat & Power

This is our fourth largest cost, 63.9% of which was Gas. The cost of Gas & Electricity was £116,860 (£53,480- 84.4% higher YoY) mainly driven by the consequences of the Russia-Ukraine conflict.

Investments

Following a general decline (of approximately 20%) in worldwide stock market values in early 2020, a partial recovery took place from May 2020 onwards and continued into the 2021/2022 year.

By 30 September 2022, the Market Value of our Investment Portfolio had increased to £552,525 (up by £46,641- 9.2% YoY). The increase in value was due to £85,870 of cash being returned to the Portfolio, and Dividends of £11,496 being received. Both were partially offset by net losses on valuations during the year of £50,725.

The Dividend Income of £11,496 fell (down by £4,660- 28.8% YOY) as both the total value of the portfolio, and the proportion of it invested in equities, both fell.

Sundry Expense / Provision for the closure of Abbeyfield Court

Sundry Expenses is our second largest cost category, of which 85% relates to the closure provision for Abbeyfield Court. The process of closing Abbeyfield Court began on 1st August 2022, and a provision of £135,057 was set up to cover anticipated closure costs up to the end of the current financial year. In total the closure is expected to have cost £165,141 by 30/9/23.

These closure costs are principally for Relocation assistance to residents, Staff severance, and Security Costs.

The sale of the property is being handled on our behalf by Knight Frank.

Net Current Assets (NCA's)

At the year-end (30 September 2022), net current liabilities (NCL's) of £17,935 existed- compared with NCA's of £298,590 at the previous year-end: a reduction of £316,525. With £85,870 in cash being returned to the Securities Portfolio, an additional £231,116 was invested to fund ongoing deficits in the remaining business.

The level of NCA's is considered adequate to support normal ongoing activities but, In circumstances where significant financial liabilities materialise unexpectedly and at short notice, additional funds required could be drawn from our Investment Portfolio to cover the liabilities.

Should Abbeyfield Court be sold during the current year, proceeds of sale would also be available to fund any further trading deficits.

The Abbeyfield Sidmouth Society Limited

Trustees' Report

Net Income (Surplus of Income over Costs)

A net deficit of £392,204 was recorded (Compared with a net surplus of £178,263 last year).

The £569,467 fall from a surplus to a deficit YoY was due to:

Reduced Income & Increased Costs

Wages & Salaries	273,860
Investment Losses on Valuation	162,687
Abbeyfield Court Closure Provision	135,057
Light, Heat & Power	53,480
General Maintenance	22,115
Investment Income	4,660
Insurance	3,981
Garden Maintenance	3,724
Loan Interest	3,177
Lower Donations & Legacies	2,392
Auditors Remuneration	1,974
Minibus & Van Expenses	1,556
Water Rates	1,075
Audit Fees	466
TOTAL	<u>670,204</u>

OFFSET BY

Increased Income & Reduced Costs

Rental Income	81,286
Abbeyfield Membership	8,885
Depreciation	6,674
Sundry Expenses	1,776
Phone & Admin Expenses	1,033
Council Tax, Food & Cleaning	1,083
TOTAL	<u>100,737</u>

<u>YEAR ON YEAR REDUCTION</u>	<u>569,467</u>
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Trustees' Report

Reserves

Investments and Cash & Bank Balances are classified as “Reserves”.

On 30th September 2022 total Reserves amounted to £625,555 (Investments £552,525; Cash & Bank Balances £73,030)

Investments are required principally to finance the 5-Year (2020-2024) infrastructure program- see the sub-paragraph “Principal Risk and Uncertainty” below.

Cash & Bank balances are needed to discharge our current liabilities at the financial year-end (£106,260), and to meet short-term cash-flow problems that may emerge during 2022/2023.

Financial obligations involved in Charitable Activities are always met when they fall due, especially where these materialise at short notice.

Total Funds

At the end of the Financial Reporting Period the Society's Total Funds amounted to £3,564,812 of which £34,394 (1.0%) under the terms of legacy received in 2015, are restricted to certain activities, and not available for General Purposes.

Investment policy and objectives

Our Financial Investments are a major asset of the Society and the Trustees of the Society have overall responsibility for all Financial Investment decisions.

Acting within guidelines determined by the Trustees, day-to-day decisions on purchases and sales of Investments are delegated, on a discretionary basis, to RBC/Brewin Dolphin PLC an experienced independent Investment Manager under contractual terms, including charges and performance targets, agreed in writing.

The Trustees review annually both Investment Guidelines, and performance of the Investment Manager against benchmarks.

The Society aims to ensure that a balance is maintained between, on the one hand, achieving at least market average percentage increases in Capital values and, on the other hand, low liquidity and volatility risks. This is achieved by maintaining a diversified portfolio.

The independent Investment Managers are responsible for deciding on the exact composition of the portfolio within the Trustees guidelines. The Managers are expected to be aware of market trends and to make investment decisions accordingly.

It is anticipated that all Investment Funds will be dedicated to the ongoing 5-year programme (2020-2024) to ensure that the quality of residential facilities and services remain market-leading.

However, should significant adverse operational trends emerge in the market, up to 10% of investment funds would be made available to ensure that all the Society's financial obligations are met when they fall due, especially where these materialise at short notice.

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Value for Money Policy

In 2018, the Regulator for Social Housing devised financial measures (“metrics”) for the measurement of financial efficiencies across the regulated social housing group. In doing so, their intention was to establish comparable financial ratios, across our own segment of the market and other peer groups in the rest of the Industry, and eventually develop published league tables.

The ratios to be used, as proposed by the Regulator, were called the “Seven Metrics” (Financial Targets) against which all participating organisations were expected to report, showing current year’s performance against targets set last year, performance of the previous year, and Targets for the year ahead.

This year the actual performance in 2021/22 compared with the Target, the actual performance for 2018/2019, and the Target for 2020/21 are summarised below.

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Trustees' Report

	Current	Target	Last	Next
	<u>2021/22</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2022/23</u>
Metric 1-Reinvestment	0%	0%	0%	0%

No plans were made in 2021/22 to acquire additional properties.

Metric 2-New Supply Delivered (Social Housing)	46%	-46%	0%	-46%
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There were 59 Units under management in 2020/21. After the closure of Abbeyfield Court at the end of 2021/22 only 32 Units remain under management for year 2022/23.

There are no plans to reduce the size of Individual Units thereby increasing the total number of rooms.

Metric 3-Gearing	7.6%	7.7%	6.9%	7.0%
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As we continue to progressively pay off the Long-Term loan, the % of other Net Assets represented by the loan will continue to fall- except in years of significant trading deficits.

Metric 4-EBITDA MRI/Int	-5,425%	4,187%	50,723%	391%
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Until 2020/21, Net Income after adding back Depreciation, Loan Interest and General Maintenance easily covered the Interest Paid in servicing the loan. Because Loan Capital is also being repaid when it falls due, and because the interest rate has been low and relatively fixed, the amount of Interest charged has fallen over time. The change in % cover is mostly driven by changes in the levels of adjusted Net Income of which the main variable is General Maintenance costs.

In the current year (2021 /22) a significant deficit, principally driven by the closure of Abbeyfield Court, produced negative net income and negative Interest cover, which are not expected to recur next year (2022/23), despite significant increases in Interest rates.

The Abbeyfield Sidmouth Society Limited

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Metric 5-Annual Cost per Unit (Social Housing)	£20,703	£16,541	£18,045	£27,578
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This is Total Expenditure on Charitable Activities divided by the number of Units managed. Until the year 2021/22, the number of units remained at 59. However, following the closure of Abbeyfield Court, the number of Units for next year (2022/23) will be 32.

Costs per Unit are driven solely by Increasing Expenditure on total charitable Units which increased by 15% YOY. Major Increases were recorded in Light, Heat & Power (84%), and Wages & Salaries (15%), the latter including the appointment of a Chief Operating Officer.

Many, largely Fixed, costs were unable to be renegotiated before last year-end, but considerable inroads into these have been made in the first few months of 2023.

Metric 6-Operating Margins	-32.4%	-29.5%	16.7%	-13.2%
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This Ratio is Net Expenditure / Total Income and includes all Income and expenses, not only those arising from Charitable Activities.

Charitable Activities are our core business and, when separated out, these generated a negative margin of 19.2% in 2021/2022 after a positive of 5.0% in 2020/2021. Our main challenge is to develop higher margins in our core business to become less dependent on largely unpredictable Legacies, Donations, Investment Income, and Gains on Investment Valuations.

Metric 7- Return on Capital Employed	-10.5%	-8.1%	4.6%	-2.9%
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This is Total Surplus or (Deficit) / Average Total funds. These ROCE numbers would be unacceptable in the medium term for any Commercial operation. However, since we are a Charity, all surpluses and deficits are absorbed within the business: no dividends are paid.

At end of 2021/2022 our Land & Buildings and Investments together represented 112% of Capital Employed and both are exposed to increasing volatility in their respective markets. Meeting the challenge of developing higher margins in our core business will improve our ROCE but, more importantly, will make it less likely that we will need to turn to our Investment Portfolio to fund cash-flow problems.

It is critical that robust measures continue to be taken to ensure that the core business is turned around to consistently produce surpluses sufficient to fund its own future.

Note that the 2021/22 Target figures for all Metrics are based on the approved Budgets.

The Abbeyfield Sidmouth Society Limited

Trustees' Report

Structure, governance and management

Nature of governing document

The Society is a Company Limited by guarantee as well as being a Charity registered with the Charities Commission in England & Wales.

The Society is governed by its Memorandum and Articles of Association and is a member of the Abbeyfield Society Ltd to whom an annual subscription is paid.

The Articles of Association govern the appointment of the Executive Committee of which all Trustees are members. The responsibilities of this Committee are set out in the Statement on page 10 of this report.

The Executive Committee consists of no less than 3 and no more than 18 members, one third of which must retire by rotation each year but are eligible for re-election.

The Executive Committee has the power to appoint new Trustees, pending ratification of these appointments at the Annual General Meeting.

Induction and training of trustees

The Society provides new Trustees with literature from the Charity Commission and The Abbeyfield Society Limited which provides the Trustees with the background knowledge of their responsibilities of being a Trustee, and of the duties of care and professional conduct expected of them.

Additional advice and training is actioned as necessary, when identified by the Trustee, or by their fellow Executive Committee members.

Typically, Trustees live in the local community, and are experienced in social care work and/or in administration in a business environment. Qualification through substantial work experience in relevant functions is expected of all Trustees, and appropriate professional qualifications, especially in the roles of Chairman, Secretary and Treasurer are seen as important- although not essential.

An important part of the role of Trustees is to mentor and develop employees, especially those who act in Managerial and Supervisory roles

The Abbeyfield Sidmouth Society Limited

Trustees' Report

Major risks and management of those risks

At last year-end, the trustees considered that the main uncertainty facing the business in the short/medium term would be the ongoing cost of ensuring that all Houses remained structurally sound, complied with Housing Regulations, and supported the continuing provision of best practices in our "assisted living" market segment.

At that time the Society had commissioned a survey to carry out RICS inspections on all three houses but, by that year-end, had not received consultants' recommendations.

In the event, the Consultants recommended that substantial capital expenditure, amounting to £2.8 million over no longer than the next 10 years, needed to be spent. Of this, £1.5 million (54%) was required at Abbeyfield Court- our largest House.

Abbeyfield Court was already trading at a significant annual deficit, on top of which annual refurbishment costs of at least £150,000 over 10 years have now been recommended in the RICS report. At a time when gross annual rentals amounted to less than £400,000, and the capacity of the Society to borrow remained low, the financial situation of the house became unviable and therefore the decision has been made to close the property and for it to be sold.

Disclosure of information to auditor

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

Statement of trustees' responsibilities

The trustees (who are also the directors of The Abbeyfield Sidmouth Society Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year. Under company law the 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 charitable company and of the incoming resources and application of resources, including its income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 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 charitable company will continue in business.

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

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Trustees' Report

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Reappointment of auditor

Easterbrook Eaton Limited will not be reappointed as auditors because they have given notice that they will be relinquishing their audit licence at the end of 2023.

The annual report was approved by the trustees of the charity on 10 May 2023 and signed on its behalf by:

.....
Mr R Seaver
Trustee

The Abbeyfield Sidmouth Society Limited

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

Opinion

We have audited the financial statements of The Abbeyfield Sidmouth Society Limited (the 'charity') for the year ended 30 September 2022, which comprise the Statement of Financial Activities, Balance Sheet, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 September 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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.

Other significant future developments

Abbeyfield Court was still on the market for sale at the date of the audit report.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees 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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

The 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.

The Abbeyfield Sidmouth Society Limited

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

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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities (set out on page 12 and 13), the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Abbeyfield Sidmouth Society Limited

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- discussions with senior management;
- identified laws and regulations were communicated within the audit team who remained alert to instances of non-compliance throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including override of controls) and addressed the risk through:

- making enquiries of those charged with governance as to their knowledge of actual, suspected and alleged instances of fraud;
- considering the internal controls in place to mitigate the risks of fraud.

In response to the irregularities and non-compliance with laws and regulations, we designed our audit procedures which included, but was not limited to:


- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing minutes of meeting of those charged with governance;
- reviewing correspondence with professional advisors;
- reviewing for any transactions undertaken with related parties such as those charged with governance and/or trustee.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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


.....
Mr Christopher Hodge (Senior Statutory Auditor)
For and on behalf of Easterbrook Eaton Limited, Statutory Auditor

Cosmopolitan House
Sidmouth
Devon
EX10 8LS

Date: 10/5/2023

The Abbeyfield Sidmouth Society Limited

Statement of Financial Activities for the Year Ended 30 September 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted funds			
	Note	General £	Restricted funds £	Total 2022 £	Total 2021 £
Income and Endowments from:					
Donations and legacies		1,104	-	1,104	3,496
Charitable activities		999,605	-	999,605	918,319
Investment income		10,849	647	11,496	16,156
Total Income		<u>1,011,558</u>	<u>647</u>	<u>1,012,205</u>	<u>937,971</u>
Expenditure on:					
Charitable activities		<u>(1,343,728)</u>	<u>(9,676)</u>	<u>(1,353,404)</u>	<u>(872,390)</u>
Total Expenditure		<u>(1,343,728)</u>	<u>(9,676)</u>	<u>(1,353,404)</u>	<u>(872,390)</u>
Gains/losses on investment assets		<u>(47,654)</u>	<u>(3,351)</u>	<u>(51,005)</u>	<u>111,682</u>
Other recognised gains and losses					
Net movement in funds		(379,824)	(12,380)	(392,204)	177,263
Reconciliation of funds					
Total funds brought forward		<u>3,910,242</u>	<u>46,774</u>	<u>3,957,016</u>	<u>3,779,753</u>
Total funds carried forward	14	<u>3,530,418</u>	<u>34,394</u>	<u>3,564,812</u>	<u>3,957,016</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2021 is shown in note 14.

The notes on pages 21 to 28 form an integral part of these financial statements.

The Abbeyfield Sidmouth Society Limited

Statement of Comprehensive Income for the Year Ended 30 September 2021

	2022	2021
	£	£
Turnover	1,000,709	921,815
Operating expenses	<u>(1,353,404)</u>	<u>(872,390)</u>
Operating (deficit)/surplus	(352,695)	49,425
Income from investments	<u>11,496</u>	<u>16,156</u>
(Deficit)/Surplus for the financial year	(341,199)	65,581
(Losses)/Gain on revaluation of other assets	<u>(51,005)</u>	<u>111,682</u>
Total comprehensive (deficit) / income for the financial year	<u><u>(392,204)</u></u>	<u><u>177,263</u></u>

The above results were derived from continuing operations.


The notes on pages 21 to 28 form an integral part of these financial statements.

The Abbeyfield Sidmouth Society Limited

(Registration number: 00762159)
Balance Sheet as at 30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	3,419,382	3,445,917
Investments	6	<u>552,525</u>	<u>505,884</u>
		<u>3,971,907</u>	<u>3,951,801</u>
Current assets			
Stocks	7	3,535	4,352
Debtors	8	16,421	10,614
Cash at bank and in hand		<u>73,030</u>	<u>390,016</u>
		92,986	404,982
Creditors: Amounts falling due within one year	9	<u>(106,260)</u>	<u>(106,322)</u>
Net current (liabilities)/assets		<u>(13,274)</u>	<u>298,660</u>
Total assets less current liabilities		3,958,633	4,250,461
Creditors: Amounts falling due after more than one year	10	(258,764)	(293,445)
Provisions	11	<u>(135,057)</u>	<u>-</u>
Net assets		<u>3,564,812</u>	<u>3,957,016</u>
Funds of the charity:			
Restricted income funds			
Restricted funds		34,394	46,774
Unrestricted income funds			
Unrestricted funds		<u>3,530,418</u>	<u>3,910,242</u>
Total funds	14	<u>3,564,812</u>	<u>3,957,016</u>

The financial statements on pages 17 to 28 were approved by the trustees, and authorised for issue on 10 May 2023 and signed on their behalf by:



 Mr R Seaver
 Trustee

The notes on pages 21 to 28 form an integral part of these financial statements.

The Abbeyfield Sidmouth Society Limited

Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (expenditure)/income		(392,204)	177,263
Adjustments to cash flows from non-cash items			
Depreciation		29,069	35,743
Gain on listed investments		<u>56,426</u>	<u>(28,342)</u>
		(306,709)	184,664
Working capital adjustments			
Decrease in stocks	7	817	1,698
(Increase)/decrease in debtors	8	(5,807)	14,169
(Decrease)/increase in creditors	9	(62)	30,758
Provision movement		<u>135,057</u>	<u>(192,192)</u>
Net cash flows from operating activities		<u>(176,704)</u>	<u>39,097</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	5	(2,534)	(19,336)
Purchase of investments	6	(176,910)	(186,587)
Sale of investments		<u>73,843</u>	<u>371,451</u>
Net cash flows from investing activities		(105,601)	165,528
Cash flows from financing activities			
Repayment of loans and borrowings	9	<u>(34,681)</u>	<u>(38,301)</u>
Net (decrease)/increase in cash and cash equivalents		(316,986)	166,324
Cash and cash equivalents at 1 October		<u>390,016</u>	<u>223,692</u>
Cash and cash equivalents at 30 September		<u><u>73,030</u></u>	<u><u>390,016</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 21 to 28 form an integral part of these financial statements.

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

1 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.

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard FRS 102, the Housing SORP 2018; Statement of Recommended Practice for Registered Social Housing Providers, the Accounting Direction for private registered providers of social housing in England 2019 and the Companies Act 2006.

In accordance with FRS102 PB3.3A the management committee confirm that the Registered Social Housing Provider is a Public Benefit Entity.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

The Charity has sufficient reserves to support any temporary downturn in rental income and any additional costs as a result of the Coronavirus pandemic. Any downturn is expected to be minor. The trustees have paid due regard to the Covid-19 pandemic while considering the going concern of the society.

Income and endowments

Turnover comprises rental and service income receivable and is recognised when the period of rent is due.

All incoming resources are included on the statement of financial activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donations and legacies

Donations and legacies are recognised on a receivable basis when receipt is probable and the amount can be reliably measured and then allocated to the General or Restricted Reserves as appropriate.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, proportion of time spent or other relevant factors.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

Government grants

Social housing grants (SHG) are made by the Housing Corporation and are utilised to reduce the costs of purchase or development of land or buildings. Where purchases or developments have been wholly or partially funded by Social Housing Grant, the cost of those purchase or developments have been reduced by the value of the grant received. The value of the grant is disclosed as a separate item on the face of the balance sheet.

Social housing grants can be recycled by the Society under certain circumstances, if a property is sold or if another relevant event takes place. In these cases SHG can be used for projects approved by the Housing Corporation. Social housing grants may have to be repaid if those circumstances are not met and in that event it is a contingent liability.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charity is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure included in the Income and Expenditure Account includes the relevant VAT.

Tangible fixed assets

Tangible fixed asset are recorded at cost, less any subsequent accumulated depreciation.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Housing Land and Buildings	No depreciation is charged
Fixtures and Equipment	20% straight line basis
Motor Vehicles	20% straight line basis

Housing land and properties are stated at cost or valuation. The cost of properties is their purchase price together with incidental costs of acquisition, less any social housing grants received.

Expenditure on housing properties, which results in an enhancement to the economic benefits arising from the land and buildings, or is a major refurbishment or restoration of part of the structure of the buildings is capitalised. All other expenditure on the interior structure of the houses, including refurbishment of rooms, is expended as maintenance cost.

No depreciation is charged on housing properties because they are maintained in a state of repair such that the estimated residual value of land and buildings is not less than their net book value. The annual charge would therefore be immaterial.

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Stock

Stock is valued at the lower of cost and net realisable value.

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.

Provisions

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The Society has pension arrangements with Nest for eligible employees other than those who have opted out voluntarily.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

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 transaction value.

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

2 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

3 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£	£
Staff costs during the year were:		
Payroll and Other Costs	<u>640,747</u>	<u>366,887</u>

The 2021 figures include the reversal of the 2017 sleep in provision of £192,192.

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year expressed as full time equivalents was as follows:

	2022	2021
	No	No
Monthly average number of persons employed	<u>22</u>	<u>25</u>

No employee received emoluments of more than £60,000 during the year.

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

4 Taxation

The charity is a registered charity and is therefore exempt from taxation.

5 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2021	3,403,310	239,337	9,587	3,652,234
Additions	-	2,534	-	2,534
Disposals	-	(36,914)	-	(36,914)
At 30 September 2022	<u>3,403,310</u>	<u>204,957</u>	<u>9,587</u>	<u>3,617,854</u>
Depreciation				
At 1 October 2021	-	204,400	1,917	206,317
Charge for the year	-	27,152	1,917	29,069
Eliminated on disposals	-	(36,914)	-	(36,914)
At 30 September 2022	<u>-</u>	<u>194,638</u>	<u>3,834</u>	<u>198,472</u>
Net book value				
At 30 September 2022	<u>3,403,310</u>	<u>10,319</u>	<u>5,753</u>	<u>3,419,382</u>
At 30 September 2021	<u>3,403,310</u>	<u>34,937</u>	<u>7,670</u>	<u>3,445,917</u>

Land and buildings cost is as follows:

	£
Housing properties cost	3,637,310
Less: Social housing grant	(234,000)
Net Cost	<u>3,403,310</u>

6 Fixed asset investments

	2022 £	2021 £
Other investments	<u>552,525</u>	<u>505,884</u>
	2022	2021
Cost b/fwd	438,116	622,980
Additions	176,910	186,587
Disposal	(73,843)	(371,451)
Cost c/fwd	541,183	438,116
Unrealised gain	11,342	67,768
Market value c/fwd	<u>552,525</u>	<u>505,884</u>

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

7 Stock

	2022 £	2021 £
Stocks	<u>3,535</u>	<u>4,352</u>

8 Debtors

	2022 £	2021 £
Other debtors	<u>16,421</u>	<u>10,614</u>

9 Creditors: amounts falling due within one year

	2022 £	2021 £
Abbeyfield loan	36,190	36,190
Other taxation and social security	9,056	7,662
Other creditors	<u>61,014</u>	<u>62,470</u>
	<u>106,260</u>	<u>106,322</u>

10 Creditors: amounts falling due after one year

	2022 £	2021 £
Abbeyfield loan	<u>258,764</u>	<u>293,445</u>

The Abbeyfield Loan is secured against the Charity's land and buildings.

Included in the creditors are the following amounts due after more than five years:

	2022 £	2021 £
After more than five years by instalments	<u>(116,155)</u>	<u>(150,836)</u>

11 Provisions

	Other provision £	Total £
Credited to the statement of recognised gains and losses	<u>135,057</u>	<u>135,057</u>

The provision of £135,057 to cover the closure related costs of Abbeyfield Court. This provision includes redundancy costs (known), relocation costs (known) and ongoing property costs (known and estimated). The provision considers a period of 12 months ongoing property costs on the basis that the majority of costs will arise in that period and also because they hope to have disposed of the property by the end of that period.

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

12 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Abbeyfield Court
Station Road
Sidmouth
Devon
EX10 8NW

13 Contingent liabilities

There were no contingent liabilities (2021 - £nil)

14 Funds

	Balance at 1 October 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 30 September 2022 £
Unrestricted funds					
General	3,910,242	1,011,558	(1,343,728)	(47,654)	3,530,418
Restricted funds	<u>46,774</u>	<u>647</u>	<u>(9,676)</u>	<u>(3,351)</u>	<u>34,394</u>
Total funds	<u>3,957,016</u>	<u>1,012,205</u>	<u>(1,353,404)</u>	<u>(51,005)</u>	<u>3,564,812</u>

Restricted Reserve - Fisher Legacy to provide outings to the countryside for residents, staff and volunteers of all Abbeyfield Sidmouth houses.

General Unrestricted Fund - The Executive Committee consider that this level of reserves will provide sufficient funds to meet unforeseen exceptional expenditure or exceptional loss of income due to periods of room vacancies.

	Balance at 1 October 2020 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 30 September 2021 £
Unrestricted funds					
General	3,732,540	936,985	(862,192)	102,909	3,910,242
Restricted funds	<u>47,213</u>	<u>986</u>	<u>(10,198)</u>	<u>8,773</u>	<u>46,774</u>
Total funds	<u>3,779,753</u>	<u>937,971</u>	<u>(872,390)</u>	<u>111,682</u>	<u>3,957,016</u>

The Abbeyfield Sidmouth Society Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

15 Related party transactions

During the year the charity made the following related party transactions:

Mrs R Zapp

(Mrs R Zapp is a resident of the charity and has a family connection with Mrs J Mitchell who is a Trustee.)

The rent is charged on an arms length basis. . At the balance sheet date the amount due to/from Mrs R Zapp was £Nil (2021 - £Nil).

16 Non-adjusting events after the financial period

Abbeyfield Court was still on the market for sale at the date of the audit report.

17 Ultimate controlling party

The executive committee has ultimate control over the Society.

18 Accommodation units

59 Units were in in Management until the 31st July 2022 when Abbeyfield Court was closed. At the year end there were 32 units under management (2021 - 59).

The Registered Social Housing Provider owns no property managed by other bodies.

The Registered Social Housing Provider manages no properties on behalf of others.

19 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>8,156</u>	<u>7,690</u>
Other fees to auditors		
All other non-audit services	<u>5,914</u>	<u>3,940</u>

The Abbeyfield Sidmouth Society Limited

Detailed Statement of Financial Activities for the Year Ended 30 September 2022

	Total 2022 £	Total 2021 £
Income and Endowments from:		
Donations and legacies (analysed below)	1,104	3,496
Charitable activities (analysed below)	999,605	918,319
Investment income (analysed below)	11,496	16,156
Total income	<u>1,012,205</u>	<u>937,971</u>
Expenditure on:		
Charitable activities (analysed below)	<u>(1,353,404)</u>	<u>(872,390)</u>
Total expenditure	(1,353,404)	(872,390)
Gains/losses on investment assets (analysed below)	<u>(51,005)</u>	<u>111,682</u>
Net (expenditure)/income	<u>(392,204)</u>	<u>177,263</u>
Net movement in funds	(392,204)	177,263
Reconciliation of funds		
Total funds brought forward	<u>3,957,016</u>	<u>3,779,753</u>
Total funds carried forward	<u>3,564,812</u>	<u>3,957,016</u>
	2022	
	Restricted funds £	Total £
Income and Endowments from:		
Donations and legacies (analysed below)	-	1,104
Charitable activities (analysed below)	-	999,605
Investment income (analysed below)	647	11,496
Total income	<u>647</u>	<u>1,012,205</u>
Expenditure on:		
Charitable activities (analysed below)	<u>(9,676)</u>	<u>(1,353,404)</u>
Total expenditure	(9,676)	(1,353,404)
Gains/losses on investment assets (analysed below)	<u>(3,351)</u>	<u>(51,005)</u>
Net expenditure	<u>(12,380)</u>	<u>(392,204)</u>
Net movement in funds	(12,380)	(392,204)
Reconciliation of funds		
Total funds brought forward	<u>46,774</u>	<u>3,957,016</u>
Total funds carried forward	<u>34,394</u>	<u>3,564,812</u>

The Abbeyfield Sidmouth Society Limited

Detailed Statement of Financial Activities for the Year Ended 30 September 2022

	Total 2022 £	Total 2021 £
<i>Donations and legacies</i>		
Legacies and bequests	-	2,856
Appeals and donations	844	500
Visitors, guests and Darlington room hire	260	140
	<u>1,104</u>	<u>3,496</u>
<i>Charitable activities</i>		
Income from letting and care service charges	999,605	918,319
	<u>999,605</u>	<u>918,319</u>
<i>Investment income</i>		
Income from other investments - restricted	647	986
Income from other investments	10,849	15,170
	<u>11,496</u>	<u>16,156</u>
<i>Charitable activities</i>		
Food costs and cleaning materials	(111,893)	(112,491)
Depreciation of fixtures and fittings	(27,152)	(33,826)
Depreciation of motor vehicles	(1,917)	(1,917)
Wages and salaries	(640,747)	(366,887)
Council Tax	(11,059)	(11,544)
Water rates	(22,390)	(21,315)
Light, heat and power	(116,860)	(63,380)
General maintenance	(152,433)	(130,318)
Garden maintenance	(17,859)	(14,134)
Sundry expenses	(159,521)	(26,240)
Insurance	(28,371)	(24,390)
Telephone and administrative expenses	(17,797)	(18,830)
Abbeyfield membership	(15,711)	(24,596)
Minibus leasing and other costs - restricted	(9,676)	(10,198)
Minibus leasing and other costs	(2,077)	-
The audit of the charity's annual accounts	(8,156)	(7,690)
Auditors' remuneration - non-audit services	(5,914)	(3,940)
Loan interest	(3,871)	(694)
	<u>(1,353,404)</u>	<u>(872,390)</u>
<i>Gains/losses on investment assets</i>		
Restricted fund - gain / (loss)	(3,351)	8,773
Unrestricted fund - gain / (loss)	(47,654)	102,909
	<u>(51,005)</u>	<u>111,682</u>

This page does not form part of the statutory financial statements.