

Company No. 00737334
Registered Charity No. 230899
Homes England No. H3295

**THE ABBEYFIELD LANCASTER
SOCIETY LIMITED**

FINANCIAL STATEMENTS
For the year ended 31 March 2023

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2023

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THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

The trustees present their annual report on the affairs of the society, together with the financial statements for the year ended 31 March 2023.

The trustees' report also represents the directors' report as required by Company Law.

Reference and Administrative Details

The full name of the charity is The Abbeyfield Lancaster Society Limited.

The society's charity registration number is 230899 and its company registration number is 00737334. It is also a registered social housing provider under the Housing Act 1996 (no. H3295).

President - The Lady Shuttleworth

The trustees who served during the year were:

Executive committee:

Mr B P Threlfall	Chairman
Mrs A K Howson	Secretary
Mr C P Whytock	Treasurer
Mr J Berry	
Mr N G Hall	
Mr M C Clarke	Appointed 1 June 2023
Mr R N Kirkman	
Mr A B Mackereth	
Miss J M Simpson	Appointed 20 September 2022
Mrs J E Threlfall	
Ms H Willes	

The directors of the company during the year were:

Mrs A K Howson
Mr B P Threlfall
Mr C P Whytock

The society's secretary is Mrs A K Howson

The registered office of the society is:

Chirnside House
Abbeyfield Close
Lancaster
LA1 4NL

The website address of the charity is: <http://www.abbeyfieldlancaster.co.uk>.

Day to day management of the society is delegated to Mrs A K Howson, the society secretary and Mrs B A Gardner, the bursar.

Bankers	HSBC, 35 Market Street, Lancaster, LA1 1JQ.
Independent Auditor	Azets Audit Services, Fleet House, New Road, Lancaster, LA1 1EZ.
Solicitors	BSG Solicitors, 3 & 4 Aalborg Place, Lancaster, LA1 1BJ
Architects	Harrison & Pitt Architects Limited, 29 Castle Hill, Lancaster, LA1 1YN.
Investment advisers	Investec Wealth & Investment Limited, 5 George Square, Glasgow, G2 1DY.

Structure, Governance & Management

Governing Document

The society is a company limited by guarantee under the Companies Act 2006, without share capital. Its operation is governed by its Memorandum & Articles of Association dated 8 October 1962 and amended on 31 October 2006.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

Structure, Governance & Management (continued)

Appointment of trustees

The appointment of trustees is governed by provisions contained within the society's Articles of Association. These are as follows:

- At each AGM one third of the members of the Executive Committee must retire and, if desired, stand for re-election. The trustees to retire are those longest in office since their last election.
- The society, at the AGM, may fill the positions vacated by the retiring trustees by electing any persons thereto, or by re-electing the retiring members.
- The Executive Committee has the power to appoint any person to be a trustee either to fill a casual vacancy or in order to increase the number of trustees. Any trustee appointed in this way must retire at the following AGM and stand for re-election, if desired, at that meeting.
- Any member of the society, qualified to attend and vote at the AGM, is entitled to propose the appointment of a person to act as a trustee.
- Appointments to the society's committees are made by the Executive Committee.

Trustee induction and training

Trustees are given induction and training by the society secretary.

Pay policy for senior staff

Total remuneration of £9,605 (2022: £9,457) was paid to trustees during the year. The remuneration paid to trustees and other senior staff such as the house manager is reviewed regularly by the executive leadership. The rates of remuneration are set in line with the roles carried out within the organisation.

Organisation

The society is governed by its Executive Committee, consisting of not less than three nor more than eighteen members, which meets six times per year. Certain detailed work is delegated as follows:

- A budget meeting prepares the annual budget for approval by the Executive Committee.
- The Chirnside House Committee monitors the day-to-day operation of the registered residential care home. The committee meets on a monthly basis.
- The committees are assisted in their work by senior management, namely the bursar and the manager of the residential care home. A new manager was appointed in March 2022.

Connected charities

The society is one of around 200 similar societies, which exist throughout the United Kingdom to provide assisted living for older people. Co-operation between local societies is considerable although each retains its autonomy. There is also an umbrella organisation, The Abbeyfield Society, of which this society is a member. The Abbeyfield Society is divided into six administrative regions. Each has its own regional council composed of volunteers from societies in the region. The regional officers have regular meetings with each other, so that they can represent the views of their region through national committees.

The head office of the Abbeyfield Society is St Peter's House, 2 Bricket Road, St Albans, AL1 3JW. The staff at Head Office provide support for member societies. During the year the society incurred fees of £9,674 (2022 - £9,674 in respect of its membership of, and affiliation to The Abbeyfield Society).

Risk management

The trustees have assessed the major risks to which the society is exposed, in particular those related to the operations and finances of the society, and are satisfied that systems are in place to mitigate exposure to the major risks.

Financial risk management objectives and policies

The society has various financial assets and liabilities such as trade debtors and trade creditors arising directly from the society's operations.

Transactions in financial instruments result in the society assuming or transferring to another party one or more of the financial risks described below.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

Structure, Governance & Management (continued)

Financial risk management objectives and policies (continued)

Price risk

The society has bought and sold investments which comprised of Bonds and Equities during the current and prior year.

Interest rate risk

The society is not exposed to fair value interest rate risk as it holds no bank overdrafts or loans.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

Liquidity and cash flow risk

The society has positive cash flows and the cash at bank and in hand is more than sufficient to cover the needs of the society.

Objectives & Activities

The society's principal objectives as set out in the Memorandum of Association are:

- The relief of aged, impotent and poor people of all classes
- The advancement of religion and education
- The pursuit of charitable activities beneficial to the community

The society was established in 1962 and it has pursued the foregoing objects by establishing, managing and developing homes in the Lancaster district that cater for the needs of the elderly. Two types of home have been developed – the supported sheltered home and the registered residential care home.

The society currently has one registered residential care home, Chirnside House, catering for thirty residents. This home provides twenty four hour care for the frail elderly.

Chirnside House is registered to cater for persons with dementia as well as the frail elderly.

The society depends considerably on the commitment and enthusiasm of its volunteers. The day to day management of Chirnside House is undertaken by a manager employed by the society. The manager reports to a House Committee of volunteers and to the trustees. Volunteers also provide significant time and effort in assisting with the day to day operation of the home.

At the height of the pandemic, pre-booked visits have taken place in two dedicated rooms. Visitors were required to wear full PPE and to take an LFT test.

All residents have undertaken regular LFT and PCR tests. All staff have been required to take an LFT test prior to coming on duty and they, too, have undergone regular PCR testing. The Society is extremely grateful for the efforts made by the Manager and all the staff in ensuring that all possible precautions have been taken to safeguard the residents during the pandemic.

Achievements and Performance

The occupancy level, a key indicator, averaged 76.5% (2022 – 80.6%) at Chirnside House.

All staff, including catering & domestic staff, have been trained to at least NVQ level 2 and most have been trained to NVQ level 3 whilst the remainder are receiving training for NVQ level 3. All staff undergo regular training updates.

All residents and staff continue to be vaccinated against the Covid virus.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

Value for Money metrics

In response to the Regulator of Social Housing Technical note of April 2018 the Society now reports on the Value for Money metrics. There are 7 metrics covered by this technical note.

Metric 1 – Reinvestment %

This metric looks at the investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held.

The Society metric for reinvestment is 0.8%.

Metric 2 – New supply delivered %

The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

No new supply has been delivered in the year of either social housing or non-social housing.

Metric 3 – Gearing %

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

The Society holds net cash and cash equivalents therefore the metric is negative at -8.3%

Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity.

The Society paid no interest in the year and therefore the metric for interest cover is not applicable.

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator.

The headline social housing cost per unit is £37,343.

Metric 6 – Operating Margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.

The Society does not operate social housing lettings therefore the operating margin is not applicable. The operating margin of the Society as a whole is -0.10%.

Metric 7 – Return on capital employed (ROCE) %

This metric compares the operating surplus to total assets less current liabilities.

For the Society as a whole this is -0.06%.

Public Benefit

Admission to Chirnside House is assessed according to need. Equal & fair access is offered to all eligible older people regardless of gender, family, race, colour, religion, sexual orientation or financial circumstances – some residents are self-funded whereas others are state funded. The Society's policy is to provide all residents with support, stimulation and encouragement to an appropriate level for their individual needs.

Residents are encouraged to follow their individual religious beliefs, should they wish to do so. During the pandemic clergy from various denominations were able to visit individual residents providing the Health & Safety guidelines of the House were followed.

Various activities & outings are arranged in consultation with the residents. However, participation is a matter of individual choice.

Residents raise money for charitable causes. The choice of charities to benefit from these money raising activities is decided by the residents.

Chirnside House has an active Residents' Circle which meets on a regular basis.

The Trustees of The Abbeyfield Lancaster Society Limited believe they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

Financial Review

The financial results for the year are as set out in the statement of financial activities on page 11 and the position at the end of the year is shown in the balance sheet on page 12. The deficit for the year and its allocation are as follows:

	2023 £	2022 £
Unrestricted operating deficit	(93,983)	(33,875)
Investment income, legacies, donations and sundry income	12,809	9,795
Investment management costs	(3,215)	(3,456)
(Decrease) / increase in market value of investments	(25,563)	5,055
Unrestricted deficit for the financial year	(109,952)	(22,481)
Allocation:		
Transfer to / (from) charitable capital expenditure reserve	3,414	(5,840)
Transfer to Swainson Bursary Fund	532	145
Transfer from revenue reserve	(113,898)	(16,786)
	(109,952)	(22,481)

The main points arising from these accounts are as follows:

- An unrestricted operating deficit of £93,983 (2022: £32,875) arose in the year from the operation of Chirside House.
- Residential charges received rose to £984,995 (2022: £955,555), an increase of 3.1%.
- Covid related Government grants received of £831 (2022: £57,614).
- Unrestricted house operating costs, excluding property depreciation, rose to £1,016,201 (2022: £981,498), an increase of 3.5%.
- The revenue reserves of the society decreased to £339,741 (2022: £453,639).

The principal funding source is income from residential charges.

Movements in fixed assets in the year are shown in note 8 to the financial statements. Capital expenditure of £21,997 was incurred during the year.

The trustees consider the market value of the society's fixed assets to be in excess of their current book values.

Indemnity insurance in respect of the trustees has been provided by way of a block arrangement within the overall Abbeyfield Society membership fee and no separate premium is identifiable.

Investment powers and policy

The society is permitted by its Memorandum of Association to invest any funds not immediately required for its purposes in any investments, securities or property as may be thought fit. Funds subject to the jurisdiction of the Charity Commissioners may only be invested in such securities and with such sanction as may for the time being be prescribed by law.

The society's investment policy is a balance between long-term investment and some short-term investment to allow accessibility of some funds.

The society's investments, as shown in note 11 to the financial statements and comprising of Bonds, Unit Trusts and Equities were held during the year in accordance with the powers available to the trustees.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

Fundraising Disclosure

The charity's main source of income are fees relating to the care of residents. As such they do not carry out significant fundraising activities.

Reserves Policy

The current policy of the society is to maintain free reserves at a level that equates to between 3 and 6 months of operating expenditure. The reserves policy is reviewed annually in order to take account of any changes in the environment in which the society operates.

Total unrestricted reserves held at the year end amounted to £830,513. Included in unrestricted reserves are designated reserves totalling £490,772 and further details of these are given in note 17 to the financial statements. The unrestricted revenue reserves, not committed or invested in tangible fixed assets ("free reserves") held by the society at 31 March 2023 amounted to £272,927. This equates to approximately three months of expected operating expenditure for 2023-24 which is within the level as set by the trustees. The trustees will take measures in future periods to maintain the level of reserves held.

Plans for future periods

The Society is committed to ensuring that Chirnside House remains a Covid-19-free zone.

Amongst the Society's aims is to ensure that there is continued compliance in all areas of inspection with the Care Quality Commission.

The Society is compliant with the General Data Protection Regulations.

Chirnside House is committed to interacting with the local community as much as is practicable and to give young people the opportunity to understand and become involved with the elderly.

The society is committed to working to meet the challenges arising from the impact of the Care Act. Staff training now ensures that there are staff members who are specialists in core areas to further improve the care provided to the residents.

As well as providing high quality permanent care, Chirnside House is also committed to providing the same high quality respite care for which there is an increasing demand from the local community.

The society is committed to ensuring that all staff receive on-going training to ensure that the residents continue to receive the high quality of care which the society prides itself in providing.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2023

Statement of trustees' responsibilities

The trustees, three of whom who are also the directors of The Abbeyfield Lancaster Society Limited for the purpose 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).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 the 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution will be proposed at the Annual General Meeting that Azets Audit Services be appointed as auditor to the society for the ensuing year.

Disclosure of information to auditor

Each of the trustees has confirmed there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Approved by the Executive Committee on 1 August 2023



Mrs A K Howson
Secretary and trustee

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

TO THE MEMBERS OF THE ABBEYFIELD LANCASTER SOCIETY LIMITED (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Abbeyfield Lancaster Society Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial position, the balance sheet, the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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

Our responsibilities and the responsibilities of the 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 trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**THE ABBEYFIELD LANCASTER SOCIETY LIMITED
TO THE MEMBERS OF THE ABBEYFIELD LANCASTER SOCIETY LIMITED
(LIMITED BY GUARANTEE)**

Opinions on other matters 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, including the directors' report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- 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 charitable company 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 in relation to which the Companies Act 2006, and the Charities Act 2011 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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 trustees' responsibilities statement set out on page 7, the trustees (three of whom are also the directors of the charitable company for the purposes of company law) 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 charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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 ABBEYFIELD LANCASTER SOCIETY LIMITED

TO THE MEMBERS OF THE ABBEYFIELD LANCASTER SOCIETY LIMITED (LIMITED BY GUARANTEE)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Use of our report

This report is made solely to the charitable company's members, 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 charitable company's members and 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Susanna Cassey (Senior Statutory Auditor)

for and on behalf of

Azets Audit Services

Statutory Auditor

Fleet House
New Road
Lancaster
LA1 1EZ

Date: *2 August '23*

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2023

	Note	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income and endowments from :					
Donations and legacies					
- Donations and legacies		2,000	-	2,000	1,000
Charitable activities					
- Residential care for the frail elderly	1	985,496	-	985,496	955,620
Investments	2	10,809	-	10,809	8,795
Other:					
- Government Grants		1,569	-	1,569	57,614
Total income and endowments		999,874	-	999,874	1,023,029
Expenditure on :					
Charitable activities					
- Residential care for the frail elderly	3	(1,081,048)	(29,788)	(1,110,836)	(1,076,897)
Investment management costs		(3,215)	-	(3,215)	(3,456)
Total expenditure		(1,084,263)	(29,788)	(1,114,051)	(1,080,353)
Net expenditure before investment gains		(84,389)	(29,788)	(114,177)	(57,324)
Net (losses) / gains on investments		(25,563)	-	(25,563)	5,055
Net expenditure and movement in funds for the year		(109,952)	(29,788)	(139,740)	(52,269)
Reconciliation of funds:					
Total funds at 1 April 2022		940,465	799,774	1,740,239	1,792,508
Total funds at 31 March 2023		830,513	769,986	1,600,499	1,740,239

The statement of financial activities includes all gains and losses in the year.

All incoming resources and resources expended derive from continuing activities.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Company number: 00737334

Charity number: 230899

Balance Sheet**As at 31 March 2023**

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	8	1,205,307	1,239,948
Current assets			
Stocks	9	7,592	8,149
Debtors	10	36,305	14,384
Investments	11	336,815	356,089
Cash at bank and in hand	12	94,534	198,590
		475,246	577,212
Creditors: amounts falling due within one year	13	(80,054)	(76,921)
Net current assets		395,192	500,291
Total assets less current liabilities		1,600,499	1,740,239
Funds of the charity:			
Unrestricted funds			
- Designated reserves	17	490,772	486,826
- General revenue reserve	17	339,741	453,639
		830,513	940,465
Restricted funds	17	769,986	799,774
Total funds		1,600,499	1,740,239

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements on pages 11 to 23 were approved by the Board of Trustees on 1 August 2023 and signed on its behalf by:

B P Threlfall

Director and Chairman

C P Whytock

Director and Treasurer

A K Howson

Director and Secretary

The notes on pages 14 to 23 form part of these financial statements.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Statement of Cash Flows For the year ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities:		
Net expenditure for the year	(114,177)	(57,324)
Adjustments for:		
Depreciation of tangible fixed assets	53,362	52,700
Loss on disposal of tangible fixed assets	3,276	-
Interest receivable	(10,809)	(8,795)
Decrease in stocks	557	891
(Increase) / decrease in debtors	(21,065)	5,935
Increase / (decrease) in creditors	3,133	(385)
Net cash used in operating activities	(85,723)	(6,978)
Cash flows from investing activities:		
Interest received	9,953	8,811
Purchase of other fixed assets	(21,997)	(7,573)
Purchase of current asset investments	(6,289)	(5,175)
Net cash used in investing activities	(18,333)	(3,937)
Net decrease in cash and cash equivalents	(104,056)	(10,915)
Cash and cash equivalents at the beginning of the year	198,590	209,505
Total cash and cash equivalents at the end of the year	94,534	198,590

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Accounting Policies

For the year ended 31 March 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

General information

The Abbeyfield Lancaster Society Limited is a private company limited by guarantee domiciled and incorporated in England and Wales. The registered office is Chirnside House, Abbeyfield Close, Scotforth, Lancaster, LA1 4NL

Basis of preparation

The society constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1.

Going concern

The risk posed by the Covid-19 virus has diminished but infection control measures were in place for the year to 31 March 2023 to alleviate the possibility of the virus entering the home. Some cases of Covid-19 were recorded amongst staff and residents during the year to 31 March 2023 but there are currently no recorded cases. The measures appear to have been effective in maintaining normal levels of operation and occupancy levels have remained reasonable. The trustees have concluded that it is appropriate to prepare the accounts on a going concern basis as there are no material uncertainties regarding going concern.

Incoming resources

Income is recognised when the society has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Other trading income comprising rental income receivable is recognised on a receivable basis.

Other income is included in the SoFA in the year in which it is receivable.

Monetary donations to the society are included in the SoFA in the year in which they are receivable.

Social Housing Grants

Social Housing Grant (SHG) is paid by Homes England to reduce the cost of developments. SHG is repayable under certain circumstances, primarily following the sale of a property, but any repayment will normally be restricted to the net proceeds of sale of the property. SHG is paid to Registered Social Housing Providers (RSHPs) to subsidise capital costs incurred in the provision of affordable housing and the resulting net cost is approximately equal to the economic value of the property in its designated use.

The grant is recognised in full as restricted income when the conditions described above are satisfied. Following the sale of a property, any social housing grant associated with that property which has not been recycled into a further property is recognised in restricted funds, until such time as it is recycled or becomes repayable.

Other grants

Other grants are recognised in full when the conditions described above are satisfied

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measure reliably. It is categorised under the following headings:

- Expenditure on charitable activities including residential care for the frail elderly
- Investment management costs

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Accounting Policies

For the year ended 31 March 2023

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include administrative support costs and governance costs. They are incurred directly in support of expenditure on the objects of the charity.

The analysis of these costs is included in note 3.

Fixed assets

The cost of housing land and buildings includes the following:

- i) the cost of acquiring land and buildings;
- ii) development expenditure;
- iii) interest payable on the expenditure incurred up to the date of practical completion.

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its estimated useful life as follows:

Freehold buildings	2%
Fixtures, fittings and equipment	10%
Office equipment	15%

Freehold land is not depreciated.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transactions costs. Subsequently they are measured at fair value with changes recognised in 'net gains/losses on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Operating leases

Rentals payable under operating leases are charged to the SoFA on a straight line basis over the term of the lease.

Pension scheme

The society operates a defined contribution pension scheme for certain of its employees. Contributions paid are charged to the SoFA in the period to which they relate.

Creditors and provisions

Creditors and provisions are recognised where the society has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Accounting Policies

For the year ended 31 March 2023

Corporation tax and value added tax

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

The society is not registered for VAT. Accordingly no VAT is charged to residents and expenses in the SoFA are inclusive of VAT.

Fund accounting

Funds held by the society are either:-

Unrestricted general funds

- these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds

- these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds

- these are funds that can only be used for particular restricted purposes within the objects of the society. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

Financial instruments

The society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Related party transactions

The society discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Judgements and key sources of estimation uncertainty

In the application of the Charitable Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. Incoming resources from charitable activities	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
<i>Residential care for the frail elderly</i>				
Residential care fees	984,995	-	984,995	955,555
Other sundry income	501	-	501	65
	985,496	-	985,496	955,620

In the prior year total incoming resources from charitable activities were £955,620, all of which was unrestricted.

2. Investment income	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Building society interest	25	-	25	10
Investment interest and dividends	9,504	-	9,504	8,631
Bank interest	1,280	-	1,280	154
	10,809	-	10,809	8,795

In the prior year total incoming resources from investment income were £8,795 all of which was unrestricted.

3. Analysis of expenditure on charitable activities	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
<i>Residential care for the frail elderly</i>				
Direct residential care costs				
Payroll and other staff costs	798,302	-	798,302	787,810
Food and catering	50,801	-	50,801	51,540
Council tax, utilities and insurance	44,174	-	44,174	42,932
Registration charges	4,403	-	4,403	4,403
Premises, garden and equipment maintenance	69,463	-	69,463	44,884
Postage, stationery, advertising and telephone	4,308	-	4,308	5,508
Other sundry expenses	24,584	-	24,584	27,973
Depreciation and loss on disposal of fixed assets	26,195	29,788	55,983	52,076
Administrative support costs				
Payroll costs	25,136	-	25,136	24,764
Abbeyfield Society affiliation	9,674	-	9,674	9,674
Other sundry expenses	9,345	-	9,345	9,617
Depreciation and loss on disposal of fixed assets	655	-	655	624
Governance costs				
Independent examination and accountancy	14,008	-	14,008	15,092
	1,081,048	29,788	1,110,836	1,076,897

In the prior year total resources expended were £1,076,897, of which £29,788 was restricted and £1,047,109 was unrestricted.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. Net outgoing resources	2023	2022
	£	£
Net outgoing resources is stated after charging :-		
Director's remuneration	9,605	9,457
Auditor's remuneration: as auditor	9,150	12,025
Auditor's remuneration: other services	3,518	1,906
Depreciation of tangible fixed assets	53,362	52,700
Operating lease payments - equipment	15,785	12,960

5. Staff costs and numbers	2023	2022
	£	£
The aggregate payroll costs during the year amounted to :-		
Wages and salaries	754,606	749,116
Social security costs	48,824	47,078
Pension costs	11,707	11,872
	815,137	808,066

No employee received emoluments of more than £60,000 in either the current or previous year.

The society depends considerably on the commitment and enthusiasm of its volunteers. All the management of the society, through the various committees, is undertaken by volunteers. Volunteers also provide significant time and effort in assisting with the day to day operation of the home.

The average monthly number of employees during the year were:-

	2023 Number	2022 Number
Administration - part time	2	2
Hostel staff - full time and part time	37	36
	39	38

The average monthly number of full time equivalent employees during the year were:

	2023	2022
Administration	1	1
Hostel staff	24	25
	25	26

6. Trustees' remuneration and expenses

Remuneration of £9,605 (2022 - £9,457) in respect of secretarial services was paid to Mrs A K Howson, a director and trustee of the society, as permitted by the Memorandum and Articles of Association.

No remuneration was paid to any other director or trustee in either of the two years.

During the year the society reimbursed travel expenses incurred for Abbeyfield meetings to Mrs A K Howson, a director and trustee, amounting to £14 (2022 - £Nil). All amounts were paid during the year.

During the year the society paid £46,759 (2022 - £40,048) in remuneration to key management personnel.

7. Pension costs

The society makes defined contributions to employees personal pension plans. The assets of the schemes are held in separately administered funds. The pension cost charge represents contributions payable by the society and amounted to £11,707 (2022 - £11,872). An amount of £3,339 (2023: £2,816) was outstanding at the year end.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

8. Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 April 2022	1,921,404	326,709	2,248,113
Additions	9,443	12,554	21,997
Disposals	-	(7,138)	(7,138)
At 31 March 2023	1,930,847	332,125	2,262,972
Depreciation			
At 1 April 2022	756,537	251,628	1,008,165
Charge for the year	35,817	17,545	53,362
Disposals	-	(3,862)	(3,862)
At 31 March 2023	792,354	265,311	1,057,665
Net book value			
At 31 March 2023	1,138,493	66,814	1,205,307
At 31 March 2022	1,164,867	75,081	1,239,948

9. Stocks

	2023	2022
	£	£
Food	2,478	2,505
Other sundry stocks	5,114	5,644
	7,592	8,149

10. Debtors

	2023	2022
	£	£
Trade debtors	18,878	-
Other debtors	184	-
Prepayments	16,331	14,328
Accrued income	912	56
	36,305	14,384

11. Investments

	Value at 1 April 2022	Additions	Disposals	Change in market value	Value at 31 March 2023
	£	£	£	£	£
Listed investments	346,687	36,236	(31,291)	(25,563)	326,069
Cash	9,402	-	-	-	10,746
	356,089	36,236	(31,291)	(25,563)	336,815

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. Cash at bank and in hand

	2023 £	2022 £
Bank deposit accounts	70,171	176,742
Bank current accounts	14,040	11,328
Building society account	9,374	9,356
Cash in hand	949	1,164
	94,534	198,590

13. Creditors: Amounts falling due within one year

	Notes	2023 £	2022 £
Trade creditors		15,930	11,473
Other taxes and social security		15,760	14,280
Other creditors		6,572	4,732
Accruals and deferred income	14	41,792	46,436
		80,054	76,921

The average number of days between the receipt and payment of purchase invoices is 14 (2022 - 14).

14. Deferred income

	2023 £	2022 £
Residents fees in advance	5,233	4,432

The income in the above note has been deferred as it relates to fees received from residents for periods after the year end 31 March 2023.

15. Analysis of net assets between funds

	2023			Total Funds £
	General Funds £	Designated Funds £	Restricted Funds £	
Tangible fixed assets	66,814	368,507	769,986	1,205,307
Current assets	352,981	122,265	-	475,246
Current liabilities	(80,054)	-	-	(80,054)
	339,741	490,772	769,986	1,600,499

	2022			Total Funds £
	General Funds £	Designated Funds £	Restricted Funds £	
Tangible fixed assets	75,081	365,093	799,774	1,239,948
Current assets	455,479	121,733	-	577,212
Current liabilities	(76,921)	-	-	(76,921)
	453,639	486,826	799,774	1,740,239

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. Members

There is no authorised share capital and the number of members, each of whose liability is limited to £1, at the year end was:

2023 Number	2022 Number
11	11

No one person has overall control.

17. Movement in funds

		Balance at 1 April 2022 £	Income £	Expenditure £	Transfers, Gains & Losses £	Balance at 31 March 2023 £
Unrestricted funds						
Designated reserves						
Swainson Bursary Fund	i)	36,733	-	-	532	37,265
Repairs reserve	ii)	85,000	-	-	-	85,000
Charitable capital expenditure reserve	iii)	365,093	-	-	3,414	368,507
Total designated funds		486,826	-	-	3,946	490,772
General funds		453,639	999,874	(1,084,263)	(29,509)	339,741
Total unrestricted funds		940,465	999,874	(1,084,263)	(25,563)	830,513
Restricted funds						
Fixed asset restricted fund	iv)	799,774	-	(29,788)	-	769,986
Total restricted funds		799,774	-	(29,788)	-	769,986

		Balance at 1 April 2021 £	Income £	Expenditure £	Transfers, Gains & Losses £	Balance at 31 March 2022 £
Unrestricted funds						
Designated reserves						
Swainson Bursary Fund	i)	36,588	-	-	145	36,733
Repairs reserve	ii)	85,000	-	-	-	85,000
Charitable capital expenditure reserve	iii)	370,933	-	-	(5,840)	365,093
Total designated funds		492,521	-	-	(5,695)	486,826
General funds		470,425	1,023,029	(1,050,565)	10,750	453,639
Total unrestricted funds		962,946	1,023,029	(1,050,565)	5,055	940,465
Restricted funds						
Fixed asset restricted fund	iv)	829,562	-	(29,788)	-	799,774
Total restricted funds		829,562	-	(29,788)	-	799,774

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

17. Movement in funds (cont.)

Purposes of designated funds

i) Swainson Bursary Fund

This reserve reflects donations and legacies received which will be used to assist residents who are unable to meet the full cost of their accommodation.

ii) Repairs reserve

This reserve represents an amount set aside to carry out future major repairs on completed housing properties. The level of the reserve has been assessed by the trustees in the light of the current condition of the property, the probable expenditure required in the foreseeable future, and the availability of grants for such work.

iii) Charitable capital expenditure reserve

The Charitable Capital Expenditure Reserve represents the net cost of the society's property after the deduction of grants received and depreciation. The transfer of £3,414 to this reserve from the Revenue Reserve in the year ended 31 March 2023 represents the cost of additions less depreciation against unrestricted funds of Chirnside House property for the year.

Purposes of restricted funds

iv) Fixed asset restricted fund

This reserve relates to capital expenditure by the charity funded from grants received for that purpose.

18. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at amortised cost	113,412	198,590
Financial assets at fair value through profit or loss	336,815	356,089
Financial liabilities		
Financial liabilities measured at amortised cost	15,930	11,473

Financial assets measured at amortised cost comprise:

Trade debtors of £18,878 (2022: £Nil) incurred in the normal course of the charity's activities. The balances are recoverable within one year.

Cash balances of £94,534 (2022: £198,590).

Financial assets at fair value through profit or loss:

The fair value is determined by reference to the market value of the investments listed on the UK stock exchange, £336,815 (2022: £356,089).

Financial liabilities measured at amortised cost comprise:

Trade creditors of £15,930 (2022: £11,473) as detailed in note 13 to the financial statements. The balances are due within one year.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

19. Operating lease commitments

At the reporting end date the society had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2023 £	2022 £
Equipment		
Within one year	16,042	12,960
Between two to five years	20,176	20,808
After more than five years	3,339	-
	39,557	33,768

20. Capital commitments

At the balance sheet date the society has capital commitments amounting to £Nil (2022 - £Nil).

21. Operating costs from lettings

	2023 £	2022 £
Special needs accommodation - 30 units (2022 - 30 units)		
Services	971,281	958,463
Management	58,818	59,771
Routine maintenance	50,949	28,875
	1,081,048	1,047,109

22. Related party transactions

There were no disclosable related party transactions during the year (2022: none).