

Registered number: 0701225
Regulator of Social Housing number: H2980
Charity number: 233423

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

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THE ABBEYFIELD READING SOCIETY LIMITED

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Trustees

K E Davis, Chair
R Cummins
S Sharpe, Vice Chair
Rev D Magowan (appointed 22 January 2021)
M Oliver (appointed 22 January 2021)

Company registered number

0701225

Charity registered number

233423

Registered office and operations address

11 Maitland Road
Reading
Berkshire
RG1 6NL

Company secretary

K E Davis

Regulator of Social Housing registered number

H2980

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Bankers

Lloyds TSB Bank Plc
Market Place
Reading
Berkshire
RG1 2EQ

CCLA Investment Management Ltd
St. Alphage House
2 Fore Street
London
EC2Y 5AQ

THE ABBEYFIELD READING SOCIETY LIMITED

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)**

FOR THE YEAR ENDED 31 MARCH 2021

Solicitors

Clifton Ingram LLP
County House
17 Friar Street
Reading
Berkshire
RG1 1DB

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

The chairman presents her statement for the year.

The Covid-19 pandemic meant that the year 2020/21 was a very challenging one for the Society and for the staff of Abbeyfield House and the challenge continues this year. This has been reflected in the financial performance with our net income before transfers at a £258k loss, £288k worse than 2019/20. We budgeted to make an operating profit of £48k and were £306k below that. We were very fortunate in the amount of donations received during the year of £111k, many were to help with costs incurred by the pandemic, these totalled £79k more than 2019/20. We also received government grants of £69k to help with the crisis. We have called down loans from the funds available to us from Eventide & Watts amounting to £180k to cover our costs during the year. Looking ahead, the current year has seen a slow increase in number of residents and we forecast by the end of the year that we may be back to making a small profit each month.

The reduction in income reflects the number of empty rooms in the home; at the start of the financial year there were five vacancies and 11 by the end of the year. Staff agency costs as always were high but this year even more so due to the disruption caused when staff needed to self-isolate. At one point the cost of protective clothing had tripled in comparison to the previous year. With a concerted effort to reduce these and other costs we have been able to keep our losses to a minimum.

With the protection of residents a priority every effort has been made by staff to implement rigorous infection control and to carry out the required testing regime. The Executive Committee decided to halt new admissions during the first months of the crisis and met monthly to cope with the constantly changing operating requirements and guidelines. Sadly three residents who died during the year had tested positive for Covid-19. We are pleased to say that the current situation is that all staff and most of the residents have been vaccinated. We continue to follow the current guidelines to protect residents and staff by ensuring visitors are restricted to set times, have taken lateral flow tests and wear masks.


During the year the floor to the dining area and lounge was repaired and recarpeted and the two boilers were replaced which also required new fan ventilation and controls. We are grateful to our donors who helped to fund these works and to cover other costs. This year we are raising funds to renew the lift. We have invested in a new digital care plan system that will help our care staff to do their jobs and improve our service to residents.

After many years of service to the Society, Paul Barton and Stella Tyers retired as Trustees at the AGM in 2020. Paul stood down after acting as Treasurer for 10 years and as Chairman for the last two years. Stella had been actively involved with Abbeyfield Reading Society for over 20 years. Since the start of the current year another long serving Trustee, Ron Cummins, has retired. We thank them all for their tireless support and care.

Arsalan Hossain, who we reported in the annual accounts last year as taking on the post of Treasurer, was not able to continue in this role so over the year all Trustees have been involved in the financial control of the Society. We were very pleased to recruit two new Trustees from local churches; David Magowan and Mark Oliver joined the Executive Board in January 2021 and have become fully engaged in the work of the Society.

During the year we received valuable support from the Abbeyfield Society in St. Albans especially in keeping us up to date with the changes in Covid-19 guidelines and other requirements.

Finally, it just remains for me to thank all staff, trustees, volunteers and resident's family for your excellent support in the year which has contributed to the care of our residents in these difficult times.



K E Davis
Chairman

Date: 23.9.21

THE ABBEYFIELD READING SOCIETY LIMITED

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees (who are also directors of the charity for the purposes of Companies Act) present their annual report together with the audited financial statements of the company. The Abbeyfield (Reading) Society Limited (the company) for the year ended 31 March 2021. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

CONSTITUTION

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 18 August 1961.

The company is constituted under a Memorandum of Association dated 18 August 1961 and is a registered charity number 233423.

CHARITABLE OBJECTS AND PRINCIPAL ACTIVITIES

The objects of the Society and the principal activities of the Society are to provide accommodation for lonely and elderly people in accordance with the aims and principles of The Abbeyfield Society Limited. These activities fall wholly within hostel housing activities as defined in the Housing Act 1996.

ORGANISATIONAL STRUCTURE

The trustees who have served during the year are set out on page 1. The body of the trustees consist of the Executive Committee who are appointed by the members of the Society.

The Society is a member of the Abbeyfield Society of 55 Victoria Street, St. Albans, Herts., a federation of independent charities.

The Society acts as corporate trustee to the Eventide and Watts Charity.

REVIEW OF ACTIVITIES

See Chairman's Statement on page 3.

RESERVES POLICY

The Trustees have set reserves at a level to sustain the continued existence of the Society in the event of untoward circumstances necessitating closure to residents for a period of 12 months which may not be covered by insurance policies in force. These are set at the level of one years annual expenditure (in the current year £1,264,693 v reserves £1,022,702). There are no plans to augment or decrease these reserves.

In addition to the reserves represented by investments within the Society amounting to £156,213 at 31st March 2021 (2020: £121,558), additional liquidity can be provided by the transfer of expendable assets held as investments in the Eventide & Watts Charity amounting to £342,362 (2020: £278,952) at that date. This has been consented to by the Charity Commission. The Society continues to follow an active donations policy to maintain its liquidity.

RISK MANAGEMENT

The Trustees have considered the major risks which the Society faces and confirm that systems have been established to ensure that the necessary actions may be taken.

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

EXECUTIVE COMMITTEE

The Members of the Executive Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year are listed on page 1.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the charitable company in the event of a winding up. At the Balance Sheet date there were 10 members each guaranteeing to contribute £1.

INFORMATION ON FUNDRAISING PRACTICES

The Society uses an external fundraiser, Complete Fundraising Ltd, to raise donations for which it pays a commission fee. The performance of the fundraiser is monitored by quarterly reporting and biannual meetings. It has received no complaints with regard to its fundraising activity and fully complies with fundraising regulations.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of The Abbeyfield (Reading) 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).

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 the 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 then apply them consistently
- Observe the methods and principles in the Charities' SORP
- Make judgements and accounting estimates that are reasonable
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- So far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- That Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditor in connection with preparing the report and to establish that the charitable company's auditor is aware of that information

THE ABBEYFIELD READING SOCIETY LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

AUDITOR

The auditor, James Cowper Kreston, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:


K E Davis

Date: 23.9.21

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD READING SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield Reading Society Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, 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 2021 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 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 United Kingdom, including the Financial Reporting Council'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 charitable 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.

THE ABBEYFIELD READING SOCIETY LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD READING SOCIETY LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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, the Trustees (who 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.

THE ABBEYFIELD READING SOCIETY LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD READING SOCIETY LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management 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 evidence of bias.

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.

THE ABBEYFIELD READING SOCIETY LIMITED

(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD READING SOCIETY
LIMITED (CONTINUED)**

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company'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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Cowper Kreston

Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 5 November 2021

James Cowper Kreston are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | Restricted funds 2021 £ | Unrestricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|--|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and legacies | 3 | 81,539 | 98,808 | 180,347 | 31,633 |
| Charitable activities | 4 | - | 824,188 | 824,188 | 1,157,691 |
| Other income | 8 | - | 1,944 | 1,944 | - |
| | | <u>81,539</u> | <u>924,940</u> | <u>1,006,479</u> | <u>1,189,324</u> |
| Total income | | | | | |
| Expenditure on: | | | | | |
| Raising funds | | - | 21,978 | 21,978 | 5,607 |
| Charitable activities | | 64,903 | 1,178,312 | 1,243,215 | 1,153,856 |
| | | <u>64,903</u> | <u>1,200,290</u> | <u>1,265,193</u> | <u>1,159,463</u> |
| Total expenditure | | | | | |
| Net income/(expenditure) before net gains/(losses) on investments | | 16,636 | (275,350) | (258,714) | 29,861 |
| Net gains/(losses) on investments | | - | 34,655 | 34,655 | (20,546) |
| | | <u>16,636</u> | <u>(240,695)</u> | <u>(224,059)</u> | <u>9,315</u> |
| Net income/(expenditure) | | 16,636 | (240,695) | (224,059) | 9,315 |
| Transfers between funds | 17 | (30,890) | 30,890 | - | - |
| | | <u>(14,254)</u> | <u>(209,805)</u> | <u>(224,059)</u> | <u>9,315</u> |
| Net movement in funds | | | | | |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 128,424 | 1,136,087 | 1,264,511 | 1,255,196 |
| Net movement in funds | | (14,254) | (209,805) | (224,059) | 9,315 |
| | | <u>114,170</u> | <u>926,282</u> | <u>1,040,452</u> | <u>1,264,511</u> |
| Total funds carried forward | | | | | |

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 15 to 29 form part of these financial statements.

THE ABBEYFIELD READING SOCIETY LIMITED

(A company limited by guarantee)

REGISTERED NUMBER: 0701225

**BALANCE SHEET
AS AT 31 MARCH 2021**

| | Note | 2021 £ | 2020 £ |
|--|-------------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 1,157,470 | 1,153,213 |
| Investments | 13 | 156,213 | 121,558 |
| | | 1,313,683 | 1,274,771 |
| Current assets | | | |
| Debtors | 14 | 19,557 | 30,020 |
| Investments | 15 | 40 | 40 |
| Cash at bank and in hand | | 71,741 | 119,043 |
| | | 91,338 | 149,103 |
| Creditors: amounts falling due within one year | 16 | (364,569) | (159,363) |
| Net current liabilities | | (273,231) | (10,260) |
| Total net assets | | 1,040,452 | 1,264,511 |
| Charity funds | | | |
| Restricted funds | 17 | 114,170 | 128,424 |
| Unrestricted funds | 17 | 926,282 | 1,136,087 |
| Total funds | | 1,040,452 | 1,264,511 |

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 0701225

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

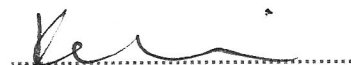
The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



K E Davis, Chair



S Sharpe, Vice Chair

Date: 23.9.21

The notes on pages 15 to 29 form part of these financial statements.

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | 2021 £ | 2020 £ |
|---|------|------------------|----------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 20 | (204,307) | 51,446 |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (22,995) | (5,293) |
| Proceeds from sale of investments | | - | 818 |
| Net cash used in investing activities | | (22,995) | (4,475) |
| Cash flows from financing activities | | | |
| Cash inflows from new borrowing | | 180,000 | 900 |
| Net cash provided by financing activities | | 180,000 | 900 |
| Change in cash and cash equivalents in the year | | (47,302) | 47,871 |
| Cash and cash equivalents at the beginning of the year | | 119,043 | 71,172 |
| Cash and cash equivalents at the end of the year | 21 | 71,741 | 119,043 |

The notes on pages 15 to 29 form part of these financial statements

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Abbeyfield Reading Society Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The company is a private company limited by guarantee, incorporated in England and Wales. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The address of the registered office is Abbeyfield House, 11 Maitland Road, Reading, RG1 6NL. The principal activity of the Company is that of a residential care home.

1.3 Going concern

As at the date of this report, the recent coronavirus pandemic has created a significant amount of uncertainty and disruption across the charity sector and beyond. Many charities and businesses are likely to struggle financially over the coming months. While the financial position of The Abbeyfield Reading Society Limited will undoubtedly be negatively affected, it is in the fortunate position of having sufficient reserves and a healthy cash balance in place in order to keep the organisation running for the foreseeable future.

Alongside the pandemic, stock markets have been volatile and many organisations will have seen their investment values drop dramatically. At the year end, The Abbeyfield Reading Society's investment balance was £156,213; these are long term investments and the charity is not operationally dependent on short-term drawdowns from these.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

1.5 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Resident fees are included in the Statement of financial activities on an accruals basis. Income is accrued or deferred as required depending on the timing of the receipts to ensure that fees are included in the correct period.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.7 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

THE ABBEYFIELD READING SOCIETY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. Accounting policies (continued)

1.8 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

| | |
|-----------------------|--------------------------|
| Freehold property | - 2% straight line |
| Fixtures and fittings | - 10% -15% straight line |

1.9 Housing properties

Housing properties are properties available for rent and properties subject to shared ownership leases.

The property is periodically professionally valued and depreciated in the intervening years.

Housing properties under construction are stated at cost less related social housing grant and other capital grants.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works which result in an increase in the net rental income, such as an increase in rental income, a reduction in future maintenance costs, or results in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with the new developments or improvements are capitalised.

1.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

1.11 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

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1. Accounting policies (continued)

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.13 Debtors

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

1.14 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

1.16 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. None of the accounting estimates are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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**NOTES TO THE FINANCIAL STATEMENTS
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3. Income from donations and legacies

| | Restricted funds 2021 £ | Unrestricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|-------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 81,539 | 29,547 | 111,086 | 31,633 |
| Government grants | - | 69,261 | 69,261 | - |
| | <u>81,539</u> | <u>98,808</u> | <u>180,347</u> | <u>31,633</u> |
| Total 2020 | <u>28,785</u> | <u>2,848</u> | <u>31,633</u> | |

4. Income from charitable activities

| | Unrestricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|---------------|--|---------------------------------------|---------------------------------------|
| Resident fees | 824,188 | 824,188 | 1,157,691 |
| | <u>824,188</u> | <u>824,188</u> | <u>1,157,691</u> |
| Total 2020 | <u>1,157,691</u> | <u>1,157,691</u> | |

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**NOTES TO THE FINANCIAL STATEMENTS
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5. Charitable activities

| | 2021 £ | 2020 £ |
|---|-------------------------|------------------|
| Catering costs | 68,931 | 66,066 |
| Household supplies, medical and laundry | 46,514 | 43,247 |
| Temporary staff costs and staff welfare | 48,841 | 130,061 |
| Recruitment, training and clothing | 3,770 | 5,632 |
| Water charges | 7,300 | 7,718 |
| Rates | 1,589 | 1,921 |
| Light and heat | 30,202 | 33,821 |
| Insurance | 7,991 | 6,605 |
| Maintenance, repairs and renewals | 84,448 | 71,983 |
| Cleaning and waste disposal | 17,331 | 18,320 |
| Office costs | 22,534 | 16,683 |
| Equipment leasing costs | 6,773 | 4,402 |
| Abbeyfield affiliation fees | 8,940 | 8,807 |
| Professional fees and bookkeeping | 30,838 | 12,712 |
| Loan interest | 500 | 600 |
| Miscellaneous expenses | 22,156 | 14,278 |
| Resident entertaining | 10 | 1,484 |
| Wages and salaries | 661,349 | 604,777 |
| Social security | 48,694 | 46,210 |
| Pension cost | 18,911 | 14,558 |
| Depreciation | 36,989 | 37,297 |
| | <u>1,174,611</u> | <u>1,147,182</u> |

6. Governance costs

| | 2021 £ | 2020 £ |
|-----------------------|---------------------|--------------|
| Auditors remuneration | <u>7,080</u> | <u>6,674</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of expenditure by expenditure type

| | Staff costs 2021 £ | Depreciation 2021 £ | Other costs 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|---|-----------------------------------|------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| Expenditure on raising voluntary income | - | - | 21,978 | 21,978 | 5,607 |
| | - | - | 21,978 | 21,978 | 5,607 |
| Costs of raising funds | | | | | |
| Donations and grants | 728,954 | 36,989 | 468,535 | 1,234,478 | 1,147,855 |
| Expenditure on governance | - | - | 7,080 | 7,080 | 6,674 |
| | 728,954 | - | 475,615 | 1,241,558 | 1,154,529 |
| | 728,954 | 36,989 | 497,593 | 1,263,536 | 1,160,136 |
| | | | | | |
| Total 2020 | 667,037 | 37,297 | 455,802 | 1,160,136 | |

8. Other incoming resources

| | Unrestricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|----------------------|--|---------------------------------------|---------------------------------------|
| Miscellaneous income | 1,944 | 1,944 | - |

9. Net income/ (expenditure)

| | 2021 £ | 2020 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: | 36,989 | 37,297 |
| - owned by charity | | |
| Auditor's remuneration | 7,080 | 6,674 |
| Loan interest | - | 600 |
| Operating leases | 6,773 | 4,402 |

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

| | 2021 | 2020 |
|--|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 661,349 | 604,777 |
| Social security costs | 48,694 | 46,210 |
| Contribution to defined contribution pension schemes | 18,911 | 14,558 |
| | <u>728,954</u> | <u>665,545</u> |

The average number of persons employed by the company during the year was as follows:

| 2021 | 2020 |
|------------------|------------|
| No. | No. |
| 34 | 31 |
| <u>34</u> | <u>31</u> |

No employee received remuneration amounting to more than £60,000 in either year.

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Trustee expenses have been incurred (2020 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

| | Freehold property £ | Fixtures & fittings £ | Total £ |
|--------------------------|---------------------------|-----------------------------|------------------|
| Cost or valuation | | | |
| At 1 April 2020 | 1,384,216 | 259,637 | 1,643,853 |
| Additions | - | 41,245 | 41,245 |
| At 31 March 2021 | <u>1,384,216</u> | <u>300,882</u> | <u>1,685,098</u> |
| Depreciation | | | |
| At 1 April 2020 | 263,053 | 227,587 | 490,640 |
| Charge for the year | 24,685 | 12,303 | 36,988 |
| At 31 March 2021 | <u>287,738</u> | <u>239,890</u> | <u>527,628</u> |
| Net book value | | | |
| At 31 March 2021 | <u>1,096,478</u> | <u>60,992</u> | <u>1,157,470</u> |
| At 31 March 2020 | <u>1,121,163</u> | <u>32,050</u> | <u>1,153,213</u> |

Included in land and buildings is freehold land of £150,000 (2020: £150,000) which is not depreciated.

The company has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

| | 2021 £ | 2020 £ |
|--------------------------|------------------|------------------|
| Cost | 2,100,211 | 2,100,211 |
| Accumulated depreciation | (822,922) | (780,918) |
| | <u>1,277,289</u> | <u>1,319,293</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments

| | Listed securities £ |
|--------------------------|---------------------------|
| Cost or valuation | |
| At 1 April 2020 | 121,558 |
| Revaluations | 34,655 |
| At 31 March 2021 | <u>156,213</u> |

14. Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 3,141 | - |
| Other debtors | 6,398 | 6,288 |
| Prepayments and accrued income | 10,018 | 23,732 |
| | <u>19,557</u> | <u>30,020</u> |

15. Current asset investments

| | 2021 £ | 2020 £ |
|----------------------|-----------|-----------|
| Unlisted investments | 40 | 40 |

16. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|----------------|----------------|
| Other loans | 293,006 | 112,506 |
| Trade creditors | 27,254 | 11,167 |
| Other taxation and social security | 8,956 | 16,454 |
| Other creditors | 6,736 | 7,988 |
| Accruals and deferred income | 28,617 | 11,248 |
| | <u>364,569</u> | <u>159,363</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Statement of funds

Statement of funds - current year

| | Balance at 1 April 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2021 £ |
|-------------------------------|---------------------------------|-------------------------|---------------------------|--------------------------|-------------------------|-------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds | 833,560 | 924,940 | (1,200,290) | 30,890 | 34,655 | 623,755 |
| Property Revaluation | 302,527 | - | - | - | - | 302,527 |
| | <u>1,136,087</u> | <u>924,940</u> | <u>(1,200,290)</u> | <u>30,890</u> | <u>34,655</u> | <u>926,282</u> |
| Restricted funds | | | | | | |
| Residential Support Fund | 93,703 | 2,000 | - | (30,890) | - | 64,813 |
| Garden Project | 14,034 | - | (8,927) | - | - | 5,107 |
| Training | 1,500 | - | (1,500) | - | - | - |
| Boilers | 18,250 | 6,000 | - | - | - | 24,250 |
| Macerator | 937 | - | (937) | - | - | - |
| Covid support | - | 53,539 | (53,539) | - | - | - |
| Ground floor refurbishment | - | 20,000 | - | - | - | 20,000 |
| | <u>128,424</u> | <u>81,539</u> | <u>(64,903)</u> | <u>(30,890)</u> | <u>-</u> | <u>114,170</u> |
| Total of funds | <u><u>1,264,511</u></u> | <u><u>1,006,479</u></u> | <u><u>(1,265,193)</u></u> | <u><u>-</u></u> | <u><u>34,655</u></u> | <u><u>1,040,452</u></u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Statement of funds (continued)

Statement of funds - prior year

| | Balance at 1 April 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2020 £ |
|---------------------------|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds | 828,715 | 1,160,539 | (1,158,553) | 24,223 | (20,546) | 834,378 |
| Property Revaluation | 302,527 | - | - | - | - | 302,527 |
| Unallocated amounts | - | - | (818) | - | - | (818) |
| | <u>1,131,242</u> | <u>1,160,539</u> | <u>(1,159,371)</u> | <u>24,223</u> | <u>(20,546)</u> | <u>1,136,087</u> |
| Restricted funds | | | | | | |
| Residential Support Fund | 99,420 | 18,535 | (29) | (24,223) | - | 93,703 |
| Garden Project | 14,034 | - | - | - | - | 14,034 |
| Training | 1,500 | - | - | - | - | 1,500 |
| Boilers | 8,000 | 10,250 | - | - | - | 18,250 |
| Macerator | 1,000 | - | (63) | - | - | 937 |
| | <u>123,954</u> | <u>28,785</u> | <u>(92)</u> | <u>(24,223)</u> | <u>-</u> | <u>128,424</u> |
| Total of funds | <u>1,255,196</u> | <u>28,785</u> | <u>(1,159,463)</u> | <u>-</u> | <u>(20,546)</u> | <u>1,264,511</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

18. Summary of funds

Summary of funds - current year

| | Balance at 1 April 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2021 £ |
|------------------|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| General funds | 1,136,087 | 924,940 | (1,200,290) | 30,890 | 34,655 | 926,282 |
| Restricted funds | 128,424 | 81,539 | (64,903) | (30,890) | - | 114,170 |
| | <u>1,264,511</u> | <u>1,006,479</u> | <u>(1,265,193)</u> | <u>-</u> | <u>34,655</u> | <u>1,040,452</u> |

Summary of funds - prior year

| | Balance at 1 April 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2020 £ |
|------------------|---------------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| General funds | 1,131,242 | 1,160,539 | (1,159,371) | 24,223 | (20,546) | 1,136,087 |
| Restricted funds | 123,954 | 28,785 | (92) | (24,223) | - | 128,424 |
| | <u>1,255,196</u> | <u>1,189,324</u> | <u>(1,159,463)</u> | <u>-</u> | <u>(20,546)</u> | <u>1,264,511</u> |

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Restricted funds 2021 £ | Unrestricted funds 2021 £ | Total funds 2021 £ |
|-------------------------------|----------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | 26,912 | 1,130,558 | 1,157,470 |
| Fixed asset investments | - | 156,213 | 156,213 |
| Current assets | 87,258 | 4,080 | 91,338 |
| Creditors due within one year | - | (364,569) | (364,569) |
| Total | <u>114,170</u> | <u>926,282</u> | <u>1,040,452</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

| | Restricted funds 2020 £ | Unrestricted funds 2020 £ | Total funds 2020 £ |
|-------------------------------|----------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | 16,848 | 1,136,365 | 1,153,213 |
| Fixed asset investments | - | 121,558 | 121,558 |
| Current assets | 111,576 | 37,527 | 149,103 |
| Creditors due within one year | - | (159,363) | (159,363) |
| Total | <u>128,424</u> | <u>1,136,087</u> | <u>1,264,511</u> |

20. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2021 £ | 2020 £ |
|--|------------------|---------------|
| Net income/expenditure for the year (as per Statement of Financial Activities) | <u>(224,059)</u> | <u>9,315</u> |
| Adjustments for: | | |
| Depreciation charges | 36,987 | 37,297 |
| Gains/(losses) on investments | (34,655) | 20,546 |
| Decrease in debtors | 10,463 | 9,598 |
| Increase/(decrease) in creditors | 25,207 | (25,310) |
| Transfers between funds | (18,250) | - |
| Net cash provided by/(used in) operating activities | <u>(204,307)</u> | <u>51,446</u> |

21. Analysis of cash and cash equivalents

| | 2021 £ | 2020 £ |
|--------------|---------------|----------------|
| Cash in hand | <u>71,741</u> | <u>119,043</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of changes in net debt

| | At 1 April 2020 £ | Cash flows £ | At 31 March 2021 £ |
|--------------------------|-------------------------|------------------|--------------------------|
| Cash at bank and in hand | 119,043 | (47,302) | 71,741 |
| Debt due within 1 year | (112,506) | (180,500) | (293,006) |
| Liquid investments | 40 | - | 40 |
| | <u>6,577</u> | <u>(227,802)</u> | <u>(221,225)</u> |

23. Pension commitments

During the year the charity operated a defined contribution scheme for its employees. Total contributions during the year were £18,911 (2020: £14,558). At the year end £3,412 (2020: £2,792) was outstanding and included in creditors.

24. Operating lease commitments

At 31 March 2021 the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2021 £ | 2020 £ |
|-----------------------|------------|--------------|
| Not later than 1 year | <u>335</u> | <u>1,005</u> |

25. Related party transactions

The charity Eventide & Watts Charity is connected by common trustees. At the year end The Abbeyfield (Reading) Society Limited owed Eventide & Watts £293,006 (2020: £112,506).

26. Controlling party

The ultimate controlling party is the trustees as detailed on page 1.