Westfield House (Care) Ltd

England & Wales · Charity number 238168

Details

Other names	THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED
Status	Registered
Legal form	Charitable company
Company number	00754694
Registered	1964-12-11
Register	View on the Charity Commission register

Contact

Address	42-44 Westfield Drive Loughborough LE11 3QL
Phone	01509266605
Email	general@abbeyfieldloughborough.co.uk
Website	www.abbeyfieldloughborough.co.uk

Activities

Objects: 3 OBJECTSThe Society is established for the public benefit for the following objects:3.1 The relief and care of elderly persons of all classes, beliefs and nationalities suffering from the disabilities of old age or otherwise in need.3.2 The spreading of Christian principles to all human relationships and the application of humanitarian aims to promote the relief of the elderly.3.3 The provision of further education in the sphere of voluntary work, social work and similar activities so as to inculcate the principles of good citizenship.3.4 The provision and management of housing, accommodation or assistance, including providing and maintaining or assisting in providing and maintaining houses and homes, for the relief and care of elderly persons suffering from the disabilities of old age or otherwise being in need.3.5 Such other purposes recognised by English law as charitable as the Society shall determine from time to time.The Society is proposing the adoption of the ‘model’ Memorandum and Articles of Association provided by The Abbeyfield Society (Charity Commission No: 200719) and approved by the Charity Commission in September 2019 of which the above is an extract.

Activities: RESIDENTIAL CARE HOUSING FOR THE ELDERLEY

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Classification

- **How:** Provides Services
- **What:** Accommodation/housing
- **Who:** Elderly/old People

Geography

- **Area of benefit:** BOROUGH OF LOUGHBOROUGH.
- Leicestershire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£2,400,146	£3,308,486	£901,704	93
2024-03-31	£3,147,426	£3,310,283	£2,661,549	87
2023-03-31	£1,725,965	£2,076,046	£3,522,554	51
2022-03-31	£1,294,260	£1,496,248	£3,934,688	50
2021-03-31	£1,507,837	£1,527,194	£3,640,061	59

Trustees

Name	Role	Appointed
Ruth Johnson	Chair	2013-11-26
Alan Wood		2019-07-23
David Hastings		2021-10-26
MR FRANK FAY		
William George Holland		2022-06-28

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Westfield House (Care) Ltd

England & Wales - Charity number 238168

Accounts

REGISTERED COMPANY NUMBER: 00754694 (England and Wales)
REGISTERED CHARITY NUMBER: 238168

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 FOR

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Duncan & Toplis Audit Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

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FOR THE YEAR ENDED 31 MARCH 2025

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2025

TRUSTEES	F Fay Mrs R Johnson - Chairman A Wood D M Hastings - Treasurer W G Holland
SECRETARY	Mrs R Johnson
REGISTERED OFFICE	44 Westfield Drive Loughborough Leicestershire LE11 3QL
REGISTERED COMPANY NUMBER	00754694 (England and Wales)
REGISTERED CHARITY NUMBER	238168
SENIOR STATUTORY AUDITOR	Niall Kingsley FCA
AUDITORS	Duncan & Toplis Audit Limited, Statutory Auditor 3 Princes Court Royal Way Loughborough Leicestershire LE11 5XR
SOLICITORS	Moss Solicitors 80-81 Woodgate Loughborough Leicestershire LE11 2XE
BANKERS	National Westminster Bank plc Market Place Loughborough Leicestershire LE11 3NZ

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

The board of the trustees (who are also the directors of the Society for the purpose of company law) present their report, which incorporates the strategic report, and the financial statements for the year ended 31 March 2025.

STRATEGIC REPORT
Achievements and performance
Principal activities
The Society's principal activity for the year under review has been that of providing care for elderly residents with dementia.

The residents with dementia are accommodated in Westfield House and, until February 2025, Ingleside House which are both registered for dementia care.

The Board employs an Activities Coordinator and provides a budget for activities. The Board regards this as an important aspect of the care that it provides because it wishes to provide an enjoyable and stimulating environment for the residents. Similarly great care is taken to ensure that residents at Westfield House (and previously Ingleside House) receive food and drink which is in accord with their dietary requirements.

Historically, Westfield House had consistently received a "Good" grading from the Care Quality Commission (CQC) and had achieved the LCC's "Gold Standard." but, as reported last year, following the CQC visit in September 2023, the Society were downgraded to "Inadequate". As a result, the Society were not allowed to admit new residents until the matters raised by the inspections had been resolved. The Society took immediate action in order to regain our former status. This involved recruiting a new General Manager and Registered Care Manager who have actively worked with the care staff in order to ensure they are correctly trained and previous failings remedied. Additionally, staff numbers have been increased to ensure that all residents receive the care that their condition requires.

A subsequent inspection by CQC and LCC raised the Society's rating to "Requires Improvement" which enabled us to begin admitting new residents from May 2024. We are now pleased to report that following a further inspection by CQC in August 2025 our rating has been returned to "Good". This has resulted from all the hard work carried out by our General Manager and the Care team. We now look forward to this rating continuing and the standing of the Society returning to its previous level.

Financial review
Review of the business
The Trustees can report an operating deficit for the year of £731,952 compared to an operating deficit of £34,386 for the previous year. The Society also generated a total comprehensive loss of £1,759,845 after investment income and changes in the value of investments. The total comprehensive loss was partly compounded by the exceptional item referred to in note 4 to these financial statements which relates to the impairment charge put through on freehold property. Last year, a total comprehensive loss of £861,005 was generated after firstly providing for the potential repayment of grants previously received and secondly after another impairment charge put through on freehold property.

In February 2025 the board were forced to close Ingleside House. This difficult decision was forced upon us because of the inability to admit a sufficient number of residents to make it viable. The property has since been sold in order to reduce the outgoings of the Society. This event has further contributed to the impairment charge referred to above.

The operating deficit has resulted from a combination of the inability to maintain sustainable occupancy levels, along with the need to increase care staff numbers to comply with CQC regulations. Additionally, the high interest rates and utility charges now incurred have caused overheads to rise further. A further factor affecting these results is the continuing issue of Local Government funded residents due to cuts in their budgets by central Government. In these cases the Society receives far less than the full cost of their care and this year we have a significant number of such residents.

The reserves of the society remain sufficient with £901,704 in reserves, of which £59,563 is available in cash as indicated on the Statement of Cash Flows.

In order to fulfil its objective, the Society had two properties in the year. Although these properties are unrestricted assets, they cannot be realised without undermining the Society's work. The board of Trustees therefore consider it appropriate to reflect the investment in properties of £4,294,243 by means of a designated fund.

Housing property repair and maintenance expenditure is charged to the Income and Expenditure account in the period in which it is incurred. As part of the reserves of the Society there exists a designated reserve for future significant expenditure of this nature. The Board of Trustees considers it prudent to allocate funds in this way so that such costs do not threaten the Society's free reserves position. The level of the reserve is calculated as a reasonable estimate of the level of expenditure which may arise and at 31 March 2025 was £100,000.

STRATEGIC REPORT

Review of the business (continued)
A capital expenditure reserve has been created to fund future expenditure on fixtures, fittings and equipment. The amount set aside at the year-end is £30,000 and is based on the Society's obligations to replace assets of this type as they wear out.

A designated general charitable reserve represents the accumulated charitable donations received by the Society unexpended at the financial reporting date. There are no restrictions on the allocation of those receipts and at the year end the balance was £79,888.

After taking account of the designated funds described above the unrestricted funds at 31 March 2025 are negative £3,602,427. The negative figure takes in to account the mortgage on Ingleside. This allows the Society to continue with its objective of providing for and enhancing the quality of care received by the residents.

Given the straight forward nature of the business, the Society's Trustees are of the opinion that analysis using KPIs is not necessary for understanding of the development, performance or position of the business.

The Abbeyfield Loughborough Society is committed to providing affordable, caring and sustainable solutions for older people through a range of high quality services. Our strength lies in professionally catering for the needs, wants and aspirations of our residents with dignity and compassion in a warm friendly family environment.

Demand from an aging population for accommodation offered is likely to be steady given our previous reputation for total quality care at competitive prices, and reflected in, in normal times, low void levels and our previous positive inspection and assessment reports from CQC and LCC.

Budgetary considerations will form part of the above and will be reflected in our annual business plans. We can demonstrate sound finances with adequate cash reserves of £59,563 together with the continued support of Charity Bank, to ensure long term viability. We also have an effective committee and management structure to support and inform business decisions.

We are fortunate to have dedicated and committed staff who undergo on-going and extensive training and development programmes to provide a wide range of skills. The budget includes a substantial amount to support this training. However, recruitment and retention of good quality staff has become a serious issue for many in the care businesses and Abbeyfield is no exception.

It is the Society's policy to pay all of our staff the "Real Living Wage," as a minimum. This reflects the Board's view that caring for elderly residents with dementia is a skilled job and that all who work at Abbeyfield contribute to the high quality of care provided at Westfield House. The Society will need to be mindful of the impact this will have on our fees, and consequently the ability of potential residents to fund their own care in the future, or to access appropriate financial support from the County Council.

Although there is an element of uncertainty with the longer-term future direction of care given concerns with funding reductions, declining assets held by residents and their families and the progress of medical science, we remain confident that there will be an on-going demand for care of the elderly and particularly for care of people with dementia.

Public benefit
The Society is run by a Board of Trustees comprised entirely of volunteers. It also relies on volunteers, who are recruited locally, throughout the Society to assist with fundraising, activities and events.

The Society currently budgets for £162,344 of unrecoverable residents' fees per annum and is very sympathetic to residents who become unable to pay their fees due to a change in their circumstances and the refusal of Leicestershire County Council to pay the full fees of their funded residents.

The fees are currently maintained at a level that is considered to be affordable to all and is competitive in the current market.

The Board of Trustees has paid due regard to guidance issued by the Charity Commission in deciding which activities it should undertake.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

STRATEGIC REPORT

Reserves policy
It is proposed that the retained deficit of £1,759,845 is deducted from reserves.

The society will continue to maintain a sufficient level of reserves to enable it to meet any unforeseen events.

As detailed in the report, the Board of Trustees is aware of the changing needs of the people in society and recognises that these changes may require additional funding.

Principal risks and uncertainties
The Board of Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the society, and are satisfied that systems are in place to mitigate our exposure to the major risks. However, volatile energy prices and the continuing difficulty to recruit and retain good staff will have short to medium-term effects.

One of the main risks to the society relates to the regulatory environment. Failure to meet regulatory requirements would impact both the operations and reputation of the society. This risk is mitigated through the constant monitoring of regulatory requirements by management though the difficulties we experience in recruiting and retaining good staff, particularly at the higher level, have impacted on our ability to meet all regulatory requirements.

We took advice from Barclays Wealth in relation to our investments and the Board, advised by the Treasurer, has savings in recognised financial institutions all covered by the Financial Services Compensation Scheme (as per its Savings and Investment Policy).

Future developments
The objectives of the society are to continue to provide a high level of care and support in Westfield House and to that end a systematic programme of training has been introduced to ensure that all staff are familiar with and capable of carrying out the demanding roles of a "carer."

Westfield House continues to develop their provision for the care of those diagnosed with dementia, ensuring that new methods and information through research are considered and implemented to ensure the best possible care for our residents. It is anticipated that dementia care will remain a key priority for the Society.

Demand from an ageing population for the accommodation offered by the Society is likely to be steady given our previous reputation for quality care at competitive prices.

As trustees we were very satisfied to note that the society has regained the CQC rating of "Good" following their most recent inspection visit in August 2025. Maintaining our good rating continues to be of the upmost importance and our highest priority in order to ensure that our residents receive the highest standards of care possible and ensure that we can support new residents in need of care. It was pleasing that during this inspection, people within our care and their relatives who were spoken to were extremely positive about the care they or their family member receives. Similarly, our staff members spoke positively about their training and support received and about working with us in general. Following the positive inspection report, we look forward to an increase in interest from prospective residents going forward.

Value for money
The society is charged with the responsibility for providing and demonstrating that it does offer value for money. The society views value for money achievement as being the optimal balance between financial performance and the provision of a quality service that results in a high level of resident satisfaction. The society monitors financial and operational performance monthly and benchmarks itself both within the National Abbeyfield Society but also externally.

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 3 metrics covered by this note.

STRATEGIC REPORT

Value for Money (continued)

Metric 1 - Gearing %
This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.
The gearing of the society is 74.74% (2024 - 49.24%).

Metric 2 - Operational Margin %
The Operational Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.
The operational margin of the society is negative at -30.78% (2024 - negative at -1.12%).

Metric 3 - Return on Capital Employed %
This metric compares the operating surplus to total assets less current liabilities.
For the Society this is negative at -16.79% (2024 - negative at -0.57%).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status

The Society is a company, registered in England and Wales limited by guarantee (Number 754694), having no share capital and with solely charitable purposes. It is also a registered charity (Number 238168) and with the Homes and Communities Agency as a housing association (Number H0595).

Members of the Board of Trustees

In accordance with the Articles of Association the members of the Board of Trustees as below, are members of the Society.

B R Bunn (resigned 23.10.2025)
D M Hastings - Hon. Treasurer
F Fay
W G Holland - Vice Chairman
C Jennison (resigned 22.07.2025)
R Johnson - Chairman and Hon. Secretary
J Stephens (resigned 10.07.2024)
A Wood

Recruitment and appointment of new trustees

The Board of Trustees is typically comprised of between eight and twelve individuals with a cross section of management skills. Potential trustees are initially approached by existing board members and invited to attend two board meetings to gain an understanding of the operations of the Society. They are also shown around the Society's houses to see how they operate.

Following this process an invitation to join the board is made. The training needs of new board members are assessed based on their existing skills and experience and the need for future training is kept under constant review.

We are regularly looking to recruit other trustees and following the resignations of Mr Bunn, Mr Jennison and Mrs Stephens, we currently have five trustees appointed which is sufficient to our requirements.

Organisational structure and governance

The Society has a clear functional organisational structure with each house benefiting from professional care and catering staff. There is also a well-defined administration function within the Society and an active board of trustees who oversee all decision making.

Day-to-day management of the Society is delegated by the Board to the General Manager, Mrs Kerry Cattell. The General Manager's remuneration is reviewed annually by the Chairman, discussed at the Staff sub-committee and a recommendation is made to the full Board. The salary of the Care Manager is reviewed by the General Manager and then follows the same procedure as that outlined for the General Manager. In both cases due attention is given to the local recruitment situation in determining the salaries. The remuneration of all other employees is reviewed annually by the Finance Committee.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

STRATEGIC REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Corporate governance

The Society has adopted a Code of Conduct for Board members. This code reflects the seven principles of public life as adopted by the Nolan Committee. This is compliant with the National Housing Federations Excellence in Governance code in all areas with the exception of only one relating to the adoption of a Membership Policy with defined terms of office for all Board members. This is considered to be potentially detrimental to the organisation's well-being in terms of CQC inspections, the Society's current development programme, and the challenges the care sector is experiencing.

The Board has conducted an annual review of the effectiveness of the systems of internal control. No instances have been identified of internal control weaknesses resulting in material misstatement or loss.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Abbeyfield Loughborough Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022. 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company' auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis Audit Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 2/12/25 and signed on the board's behalf by:

R Johnson

Mrs R Johnson - Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield Loughborough Society Limited (the 'company') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the section related to going concern in note 2 of the financial statements which indicates that in order to improve financial performance and continue to operate at sustainable occupancy levels, the company needs to maintain good results from inspections and ensure that occupancy levels reach and continue at a sustainable rate. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 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.

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 Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Trustees.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as depreciation of tangible fixed assets as well as the risk of inappropriate journal entries to manipulate reported profitability. Audit procedures performed by the engagement team included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on accounting estimates, including reviewing the methods and data used by management to make those estimates such as residual values and expected asset replacement cycles, reperforming the calculation, reviewing the outcome of prior year estimates, and reviewing the outcome of current year estimates since the financial reporting date.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: The Landlord and Tenant Act, Health and Social Care Act, Food Safety regulations, COVID-19 infection control and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. This included a review of inspection reports for any evidence of non-compliance, in addition to a review of statutory meeting minutes and solicitor correspondence. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan + Toplis Audit Limited

Niall Kingsley FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Audit Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Date: 3/12/2025

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
Turnover	3	2,377,810	3,078,134
Cost of sales		2,734,042	2,771,119
Gross surplus/(deficit)		(356,232)	307,015
Administrative expenses		(375,720)	(341,401)
Operating deficit		(731,952)	(34,386)
Provision for grant repayment	4	-	(271,209)
Impairment of tangible fixed assets	4	(851,724)	(426,939)
Interest payable and other finance costs		(198,505)	(197,763)
Investment income	5	12,619	28,931
Other income		9,717	7,185
Movement in fair value of financial instruments	6	-	33,176
TOTAL COMREHENSIVE LOSS FOR THE YEAR		(1,759,845)	(861,005)

CONTINUING OPERATIONS
All income and expenditure has arisen from continuing activities.

The Statement of Comprehensive Income was approved by the board on 02/12/25

D M Hastings - Trustee

Mrs R Johnson - Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2025

	Income and expenditure reserve	Total
	£	£
At 1 April 2024	**2,661,549**	**2,661,549**
Deficit for financial year	(1,759,845)	(1,759,845)
Total comprehensive loss	(1,759,845)	(1,759,845)
At 31 March 2025	**901,704**	**901,704**

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED (REGISTERED NUMBER: 00754694)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2025

	Notes	2025 £	2024 £
FIXED ASSETS			
Tangible assets	10	4,590,906	5,559,242
Investments	11	-	512,371
		4,590,906	6,071,613
CURRENT ASSETS			
Debtors	12	55,989	47,480
Cash at bank and in hand		59,563	339,340
		115,552	386,820
CREDITORS			
Amounts falling due within one year	13	(347,454)	(430,235)
NET CURRENT LIABILITIES		(231,902)	(43,415)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,359,004	6,028,198
CREDITORS			
Amounts falling due after more than one year	14	(2,626,692)	(2,536,041)
PROVISIONS FOR LIABILITIES	17	(830,608)	(830,608)
NET ASSETS		901,704	2,661,549
CAPITAL AND RESERVES			
Income and expenditure reserve	26	901,704	2,661,549
		901,704	2,661,549

The financial statements were approved by the Board of Trustees and authorised for issue on 02 DECEMBER 2025 and were signed on its behalf by:

D M Hastings - Trustee

Mrs R Johnson - Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	2024 £
Cash flows from operating activities			
Cash generated from operations	1	(690,056)	214,533
Net cash (used in)/provided by operating activities		(690,056)	214,533
Cash flows from investing activities			
Purchase of tangible fixed assets		(11,426)	(119,959)
Sale of fixed asset investments		512,270	101,439
Interest received and similar income		21,431	31,752
Net cash provided by investing activities		522,275	13,232
Cashflows from financing activities			
New loans in year		100,000	-
Capital repayments in year		(14,497)	(17,872)
Interest paid		(198,505)	(197,763)
Net cash used in financing activities		(113,002)	(215,635)
Change in cash and cash equivalents in the reporting period		(280,783)	12,130
Cash and cash equivalents at the beginning of the reporting period	2	340,346	328,216
Cash and cash equivalents at the end of the reporting period	2	59,563	340,346

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2025	2024
	£	£
Operating deficit	(731,952)	(34,386)
Adjustments for:		
Depreciation charges	128,038	129,839
Provisions for grant repayment	-	(271,209)
Movement on deferred capital grant	-	(581,959)
(Increase)/decrease in debtors	(8,509)	7,748
Decrease in creditors	(77,633)	133,892
Increase in provisions	-	830,608
Net cash (used in)/provided by operations	(690,056)	214,533

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2025	2024
	£	£
Cash in hand	2,526	2,122
Notice deposits (less than 3 months)	57,037	337,218
Cash deposit on Fixed Asset Investment	-	1,006
Total cash and cash equivalents	59,563	340,346

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.24	Cash flow	At 31.3.25
	£	£	£
Net cash			
Cash at bank and in hand	339,340	(279,777)	59,563
	339,340	(279,777)	59,563
Debt			
Debts falling due within 1 year	(45,865)	5,148	(40,717)
Debts falling due after 1 year	(2,536,041)	(90,651)	(2,626,692)
	(2,581,906)	(85,503)	(2,667,409)
Total	(2,242,566)	(365,280)	(2,607,846)

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1. GENERAL INFORMATION

The society is a company limited by guarantee, incorporated in England and Wales (Number 754694), having no share capital and with solely charitable purposes. It is also registered as a charity (Number 238168) and with the Housing Corporation as a housing association (Number HO595). The company is governed by the Landlord and Tenant Act 1985.

The registered office is 44 Westfield Drive, Loughborough, Leicestershire, LE11 3QL.

The financial statements are prepared in Sterling which is the functional currency of the society and rounded to the nearest £.

The financial statements cover the individual entity.

The society constitutes a public benefit entity as defined by FRS 102.

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

Turnover
Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and Homes England and the Regulator of Social Housing.

Tangible fixed assets and depreciation
Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets except freehold land which is not depreciated on account of its indefinite useful economic life, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

2. ACCOUNTING POLICIES - continued

Tangible fixed assets and depreciation (continued)
Assets and their components are depreciated over their useful lives on the following basis:

Description	Estimated useful life
Land & Buildings:	
Structure	100
Kitchen	30
Bathroom	30
White goods	10
Roofs	50
Lifts	15
Fixtures, fittings & equipment	7

Housing properties under construction are not depreciated until they are in use.

At each reporting date, tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment is recognised immediately in the statement of comprehensive income.

Corporation tax and VAT
The society has charitable status and is exempt from Corporation Tax on the income it has received. The society is not registered for VAT. Accordingly no VAT is charged to residents and the expenditure in the statement of comprehensive income includes the relevant VAT.

Pension costs and other post-retirement benefits
The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Social housing grant
Where Social Housing Grants (SHG), are received in respect of developments these grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Monetary Donations
Monetary donations to the society are credited in the financial statements on a receipts basis.

Debtors and creditors receivable / payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

2. ACCOUNTING POLICIES - continued

Provisions
Provisions are recognised when the society has an obligation at the financial reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the financial reporting date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund
Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by Homes England and the Regulator of Social Housing and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with Homes England and the Regulator of Social Housing. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

Investments
Fixed asset investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably.

Loans, borrowings and short term deposits
These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that the basic financial instruments are subsequently measured at amortised costs, however the society has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and borrowings that are repayable or receivable within one year are not discounted.

Going concern
The society has made operating deficits in the last five years and now sees itself in a net current liability position at the year end. Despite the poor performance, the society remains in a net asset position. During this period, the society suffered a high level of voids at both its Westfield Drive and Ingleside House properties. This subsequently led to management's decision to close Ingleside House in February 2025 before agreeing to sell the property after the year-end. In addition, wages for care staff increased largely as the society sought to regain it's "good" rating with the Care Quality Commission (CQC).

The society's forecasts and plans to return to an operating surplus were based on achieving sufficient occupancy at its remaining Westfield Drive Property. Following the most recent inspection carried out by the CQC in August 2025, the society achieved the sought-after "good" rating mentioned above. The society are aiming to maintain sustainable occupancy levels post year-end through advertisement and community outreach. The society are also implementing interventions to reduce operational costs.

If the society is unsuccessful in achieving budgeted occupancy levels, then this could seriously impact its ability to continue. The society disposed of all remaining investments during the year, along with agreeing to sell its Ingleside House property after the year-end. With significant operating deficits being incurred and a shortage of highly liquid assets, there is a risk that the society runs out of sufficient working capital to continue.

Furthermore, should the society receive an inadequate rating from the CQC, this is listed as a default event on the society's loan with the Charity bank and therefore could result in the loan referred to in note 15 becoming repayable in addition to any future breaches of loan covenants that are not waived by the bank. The trustees are committed to maintaining an adequate standard of care for residents and maintaining the CQC rating of "good". The trustees believe they have the senior practice management team in place to ensure that the standard of care remains high. For this reason, the financial statements have been prepared on the going concern basis as this is still considered appropriate by the trustees.

There are though material uncertainties related to events or conditions that may cast doubt on the entity's ability to continue as a going concern for the foreseeable future. Therefore the society might be unable to realise its assets and discharge its liabilities in the normal course of business.

2. ACCOUNTING POLICIES - continued

Judgements and key sources of estimation uncertainty
On transition to FRS102 the historical information to break down housing property assets into components was not available without undue cost or effort, and therefore has been included as structure within land and buildings and consequently depreciated over 100 years.

Housing property assets will in future be broken down into components based on management's assessment of the properties and useful economic lives will be assigned to these components.

3. TURNOVER

	2025	2024
	£	£
Rents received	4,346,118	3,925,858
Void losses	(1,968,308)	(856,282)
Amortised government grants	-	8,558
Net income from residential charges	2,377,810	3,078,134

4. EXCEPTIONAL ITEMS

	2025	2024
	£	£
Provision for grant repayment	-	271,209
Impairment of tangible fixed assets	851,724	426,939
Exceptional items	851,724	698,148

In the prior year, the society changed the purpose of one of their housing properties from supported housing to dementia care. This resulted in historic grants from Homes England relating to the housing property becoming repayable.

Impairment losses in respect of tangible fixed assets arose in the prior year following a professional valuation being performed for freehold property in May 2023 based on a current assessment of market value as a fully equipped operational entity.

Impairment losses in respect of tangible fixed assets arose in the current year following management's decision to sell one of the housing properties in February 2025. The number of units impacted by the impairment loss is one (2024: two). The carrying value of these assets prior to the recognition of the impairment loss was £3,639,832 (2024: £5,626,939).

5. INVESTMENT INCOME

	2025	2024
	£	£
Income from listed investments	8,601	17,972
Profit on disposal of listed investments	905	4,364
Bank interest	3,113	6,595
	12,619	28,931

6. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2025	2024
	£	£
Movement in fair value of Fixed Asset investments	-	33,176

7. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Surplus/(deficit) is stated after charging/(crediting):

	2025	2024
	£	£
Depreciation - owned assets	128,038	129,839
Impairment of tangible fixed assets	851,724	426,939
Auditor's remuneration for audit	18,900	25,680
Grants released to income	-	(8,558)
Provision for grant repayment	-	271,209

The auditors remuneration shown in 2024 includes a £7,680 under-provision relating to the 2023 audit.

8. TRUSTEES' REMUNERATION AND BENEFITS

Key management personnel neither received or waived any remuneration during the year (2024: nil).

No remuneration was received by non-executive board members (2024: nil).

Trustees' expenses

There were £156 trustees' expenses paid during the year ended 31 March 2025 (2024: £478).

9. STAFF COSTS

	2025	2024
	£	£
Wages and salaries	1,962,903	1,728,920
Social security costs	147,482	112,093
Other pension costs	26,378	19,972
	2,136,763	1,860,985

The average monthly number of employees during the year was as follows:

	2025	2024
Administration	4	4
Care staff	89	83
	93	87

No employees received emoluments in excess of £60,000.

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 April 2024	6,220,722	8,124	749,498	6,978,344
Additions	-	-	11,426	11,426
Impairments	(944,790)	-	-	(944,790)
At 31 March 2025	5,275,932	8,124	760,924	6,044,980
DEPRECIATION				
At 1 April 2024	1,020,722	4,057	394,323	1,419,102
Charge for year	57,938	162	69,938	128,038
Impairments	(93,066)	-	-	(93,066)
At 31 March 2025	985,594	4,219	464,261	1,454,074
NET BOOK VALUE				
At 31 March 2025	4,290,338	3,905	296,663	4,590,906
At 31 March 2024	5,200,000	4,067	355,175	5,559,242

All freehold properties held for letting are completed properties and there are none under construction. Total cumulative impairments of £426,939 are included in the opening position.

11. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 April 2024	511,365	1,006	512,371
Disposals	(511,365)	-	(511,365)
Cash movement	-	(1,006)	(1,006)
At 31 March 2025	-	-	-
NET BOOK VALUE			
At 31 March 2025	-	-	-
At 31 March 2024	511,365	1,006	512,371

There were no investment assets outside the UK.

The historical cost of these investments is £Nil (2024: £388,092).

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Residential charges due and unpaid	31,834	20,484
Other debtors	-	1,514
Prepayments	24,155	25,482
	55,989	47,480

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Bank loans and overdrafts (see note 15)	40,717	45,865
Trade creditors	98,245	156,531
Payments received on account	26,478	50,046
Social security and other taxes	24,884	27,716
Other creditors	31,675	10,381
Accruals and deferred income	125,455	139,696
	347,454	430,235

The average number of days between receipt and payment of purchase invoices is 41 (2024: 45) days.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2025	2024
	£	£
Bank loans (see note 15)	2,626,692	2,536,041

15. LOANS

An analysis of the maturity of loans is given below:

	2025	2024
	£	£
Amounts falling due within one year on demand:		
Bank loans	40,717	45,865
Amounts falling between one and two years:		
Bank loans - 1-2 years	62,826	50,437
Amounts falling due between two and five years:		
Bank loans - 2-5 years	216,094	176,039
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instalments	2,347,772	2,309,565

The society has one bank loan outstanding at the year-end.

The society is required to repay the capital and interest on the loan by monthly instalments up until the final repayment date. The interest rate is set at 2.65% above the bank base rate.

15. LOANS (continued)

During the year the society breached two loan covenant clauses relating to debt service cover and their cash balance. Due to these breaches, the bank is contractually entitled to request immediate repayment of the outstanding loan amount shown above. However, the bank has agreed not to take any further action as a result of these breaches. Therefore, it has not been deemed necessary to reclassify the bank loan as fully owing within one year. The society will be required to comply with the loan covenants going forward.

16. SECURED DEBTS

The following secured debts are included within creditors:

	2025	2024
	£	£
Bank loans	2,667,409	2,581,906

A fixed and floating charge dated 16 March 2021 is held over 190 Ashby Road and 44 Westfield Drive to secure the borrowings from the society bankers.

17. PROVISIONS FOR LIABILITIES

	2025	2024
	£	£
Provisions for grant repayment	830,608	830,608

In the prior year, the society changed the purpose of one of their housing properties from supported housing to dementia care. This resulted in historic grants of £830,608 from Homes England relating to the housing property becoming repayable.

Homes England have allowed the deferral of the grant repayment until there is an improvement in the society's financial position such that repayment of the grant is possible and appropriate. The trustees are unable to estimate when the society will be in a financial position to repay the grant and for this reason the provision has not been discounted for the effect of the time value of money. Instead, the provision is recognised at the face value of the amount agreed with Homes England to settle the obligation.

18. PENSION COMMITMENTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions payable by the society amounted to £26,378 (2024: £19,972).

19. OTHER FINANCIAL COMMITMENTS

The society has the following commitments due as follows:

	2025	2024
	£	£
Due in less than one year	36,805	44,402
Due between two and five years	39,633	70,245
Due in more than five years	-	640
	76,438	115,287

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2025.

21. EVENTS AFTER THE REPORTING DATE

Following the year-end, the society disposed of one of their freehold properties, Ingleside House, for £2,800,000.

The society also obtained additional loan finance from the Charity Bank of £40,000 after the year-end.

22. FINANCIAL INSTRUMENTS

The carrying amounts of The Abbeyfield Loughborough Society Limited's financial instruments are as follows:

	2025	2024
	£	£
Financial assets		
Measured at fair value through the statement of comprehensive income:		
- Fixed asset investments (note 11)	-	511,365
	-	511,365

Income and expense

	2025	2024
	£	£
Financial assets measured at fair value through comprehensive income	-	33,176

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £Nil (2024: £Nil) and £198,505 (2024: £197,763) respectively.

Impairment losses recognised on tangible fixed assets totalled £851,724 (2024: £426,939).

23. SOCIAL HOUSING GRANT

The society has received Social Housing grants, which were used to fund the acquisition and development of housing properties and their components. The society had a future obligation to recycle such grants once the properties are disposed of. At 31 March 2025, the value of grants received in respect of these properties that had not been disposed of was £Nil (2024: £Nil).

The amount of recycled capital grant at 31 March 2025 is £Nil (2024: £Nil).

The society changed the purpose of one of their housing properties from supported housing to dementia care in the prior year. This resulted in historic grants from Homes England becoming repayable and the right of the society to recycle the grant funds was withdrawn. The £830,608 value shown above has been recognised within provisions at the year-end as there is a probable outflow of economic resources to Homes England but the timing of this outflow is uncertain.

24. ACCOMMODATION IN MANAGEMENT

At the year-end, the society owned two housing units for older people. However, management made the decision to close one of the housing units in February 2025.

The number of rooms under management was 31 (2024: 64).

25. CONTROL

The society is controlled by the Board.

26. RESERVES

	Balance at 1 April 2024	Income	Expenditure	Balance at 31 March 2025
	£	£	£	£
Unrestricted funds	(2,747,739)	2,379,003	3,233,691	(3,602,427)
Designated funds				
Capital expenditure reserve	30,000	11,426	11,426	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	75,221	9,717	5,050	79,888
Property fixed asset reserve	5,204,067	-	909,824	4,294,243
	2,661,549	2,400,146	4,159,991	901,704

	Balance at 1 April 2023	Income	Expenditure	Balance at 31 March 2024
	£	£	£	£
Unrestricted funds	(1,744,432)	2,927,315	3,930,622	(2,747,739)
Designated funds				
Capital expenditure reserve	30,000	71,747	71,747	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	74,098	7,185	6,062	75,221
Property fixed asset reserve	5,062,888	141,179	-	5,204,067
	3,522,554	3,147,426	4,008,431	2,661,549

Unrestricted funds relate to an income and expenditure reserve, representing cumulative surplus and deficits net of other adjustments for the below funds.

Designated funds are those unrestricted funds which have been set aside by the trustees for a specific purpose. The designated funds of the Society are noted below.

The capital expenditure reserve was set up to fund future expenditure on fixtures, fittings and equipment.

The housing property repair reserve was set up to ensure that funds are available for housing property repair and maintenance, without impacting the society's free reserves position.

The general charitable reserve represents the accumulated charitable donations received by the society unexpended at the year-end.

The property fixed asset reserve was set up to reflect the net investment in properties. In previous years, the deferred capital grant was deducted from this reserve. During the prior year, the capital grant was transferred to provisions and is therefore no longer deducted from the property fixed asset reserve.

Westfield House (Care) Ltd

England & Wales - Charity number 238168

Accounts

Docusign Envelope ID: E916288E-CAB1-46C7-A2C8-C473FF442DF3

REGISTERED COMPANY NUMBER: 00754694 (England and Wales)
REGISTERED CHARITY NUMBER: 238168

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 FOR

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Duncan & Toplis Audit Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Docusign Envelope ID: E916288E-CAB1-46C7-A2C8-C473FF442DF3

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2024

TRUSTEES	B R Bunn F Fay Mrs R Johnson - Chairman C Jennison A Wood D M Hastings - Treasurer W G Holland
SECRETARY	Mrs R Johnson
REGISTERED OFFICE	44 Westfield Drive Loughborough Leicestershire LE11 3QL
REGISTERED COMPANY NUMBER	00754694 (England and Wales)
REGISTERED CHARITY NUMBER	238168
SENIOR STATUTORY AUDITOR	Niall Kingsley FCA
AUDITORS	Duncan & Toplis Audit Limited, Statutory Auditor 3 Princes Court Royal Way Loughborough Leicestershire LE11 5XR
SOLICITORS	Moss Solicitors 80-81 Woodgate Loughborough Leicestershire LE11 2XE
BANKERS	National Westminster Bank plc Market Place Loughborough Leicestershire LE11 3NZ

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2024

The board of the trustees (who are also the directors of the Society for the purpose of company law) present their report, which incorporates the strategic report, and the financial statements for the year ended 31 March 2024.

STRATEGIC REPORT
Achievement and performance
Principal activities
The Society's principal activity for the year under review has been that of providing care for elderly residents with dementia.

The residents with dementia are accommodated in Westfield House and, since October 2022, Ingleside House which are both registered for dementia care.

The Board employs an Activities Coordinator and provides a budget for activities. The Board regards this as an important aspect of the care that it provides because it wishes to provide an enjoyable and stimulating environment for the residents. Similarly great care is taken to ensure that residents at Westfield House and Ingleside House receive food and drink which is in accord with their dietary requirements.

Historically Westfield House had consistently received a "Good" rating from the CQC and had achieved the LCC's "Gold Standard" but, as reported last year, following the CQC visit in September 2023 the Society were downgraded to "inadequate". As a result the Society were not allowed to admit new residents until the matters raised by the inspections had been resolved. The Society took immediate action in order to regain our former status. This involved recruiting a new General Manager and Registered Care Manager who have actively worked with the care staff in order to ensure they are correctly trained and previous failings remedied. Additionally, staff numbers have been increased to ensure that all residents receive the care that their condition requires.

A subsequent inspection by CQC and LCC has raised the Society's rating to "Requires Improvement" which enabled us to begin admitting new residents from May this year. We are also confident that following a further inspection we will now regain the "Good" rating that we believe appropriate.

Financial review
Review of the business
The Trustees can report an operating deficit for the year of £34,386 compared to an operating deficit of £232,091 for the previous year. The Society also generated a total comprehensive loss of £861,005 after investment income and changes in the value of investments. The total comprehensive loss was partly compounded by the two exceptional items referred to in note 5 to these financial statements which firstly relates to the need to provide for the potential repayment of grants previously received and secondly relates to the impairment charge put through on freehold property. Last year, a total comprehensive loss of £412,134 was generated after the inclusion of the surplus on the sale of May Mills House during the prior year.

The operating deficit has resulted from a combination of the inability to admit new residents for a period of six months together with the need to use agency staff because of the continuing difficulty in recruiting suitable care staff. Additionally, the high interest rates and utility charges now incurred have caused overheads to rise further. However, thanks to the sterling work of our management team we now have a full complement of care staff reducing the need to rely on expensive agency workers.

The reserves of the Society total £2,661,549 at the year end, of which £340,346 is available in cash as indicated on the Statement of Cash Flows.

In order to fulfil its objective, the Society has two properties. Although these properties are unrestricted assets, they cannot be realised without undermining the Society's work. The board of Trustees therefore consider it appropriate to reflect the investment in properties of £5,204,067 by means of a designated fund.

Housing property repair and maintenance expenditure is charged to the Income and Expenditure account in the period in which it is incurred. As part of the reserves of the Society there exists a designated reserve for future significant expenditure of this nature. The Board of Trustees considers it prudent to allocate funds in this way so that such costs do not threaten the Society's free reserves position. The level of the reserve is calculated as a reasonable estimate of the level of expenditure which may arise and at 31 March 2024 was £100,000.

A capital expenditure reserve has been created to fund future expenditure on fixtures, fittings and equipment. The amount set aside at the year end is £30,000 and is based on the Society's obligations to replace assets of this type as they wear out.

A designated general charitable reserve represents the accumulated charitable donations received by the Society unexpended at the financial reporting date. There are no restrictions on the allocation of those receipts and at the year end the balance was £75,221.

After taking account of the designated funds described above the unrestricted funds at 31 March 2024 are negative £2,747,739. The negative figure takes in to account the mortgage on Ingleside. This allows the Society to continue with its objective of providing for and enhancing the quality of care received by the residents.

STRATEGIC REPORT

Review of the business (continued)
Given the straight forward nature of the business, the Society's Trustees are of the opinion that analysis using KPIs is not necessary for understanding of the development, performance or position of the business.

The Abbeyfield Loughborough Society is committed to providing affordable, caring and sustainable solutions for older people through a range of high quality services. Our strength lies in professionally catering for the needs, wants and aspirations of our residents with dignity and compassion in a warm friendly family environment.

Demand from an aging population for accommodation offered is likely to be steady given our previous reputation for total quality care at competitive prices, and reflected in, in normal times, low void levels and our previous positive inspection and assessment reports from CQC and LCC. However, in the medium term there is likely to be increased competition in dementia care and our previous inspections and quality grades have had a significant impact on our ability to attract residents. The anticipated regaining of the "Good" rating will allow us to reverse this position.

Budgetary considerations will form part of the above and will be reflected in our annual business plans. We can demonstrate sound finances with adequate cash reserves of over £300,000, together with the continued support of Charity Bank, to ensure long term viability. We also have an effective committee and management structure to support and inform business decisions.

We are fortunate to have dedicated and committed staff who undergo on-going and extensive training and development programmes to provide a wide range of skills. The budget includes a substantial amount to support this training. However, recruitment and retention of good quality staff has become a serious issue for many in the care businesses and Abbeyfield is no exception.

It is the Society's policy to pay all of our employees the "Real Living Wage," as a minimum which has enabled us to now have a full complement of quality staff. This reflects the Board's view that caring for elderly residents with dementia is a skilled job and that all who work at Abbeyfield contribute to the high quality of care provided at both Westfield House and Ingleside. The Society will need to be mindful of the impact this will have on our fees, and consequently the ability of potential residents to fund their own care in the future, or to access appropriate financial support from the County Council.

Although there is an element of uncertainty with the longer-term future direction of care given concerns with funding reductions, declining assets held by residents and their families and the progress of medical science, we remain confident that there will be an on-going demand for care of the elderly and particularly for care of people with dementia.

Public benefit
The Society is run by a Board of Trustees comprised entirely of volunteers. It also relies on volunteers, who are recruited locally, throughout the Society to assist with fundraising, activities and events.

The Society currently budgets for £24,000 of unrecoverable residents' fees per annum and is very sympathetic to residents who become unable to pay their fees due to a change in their circumstances and the refusal of Leicestershire County Council to pay the full fees of their funded residents.

The fees are currently maintained at a level that is considered to be affordable to all and is competitive in the current market.

The Board of Trustees has paid due regard to guidance issued by the Charity Commission in deciding which activities it should undertake.

Investment policy and objectives
Ad-hoc meetings and phone conversations take place with Barclays Wealth and they have assessed Abbeyfield's risk profile as being at the low end of medium. The basic mix of the portfolio is 67% stock market and 33% bank deposits. The Board is satisfied with the performance of its investments.

Reserves policy
It is proposed that the retained deficit of £861,005 is deducted from reserves.

The Society will continue to maintain a sufficient level of reserves to enable it to meet any unforeseen events.

As detailed in the report, the Board of Trustees is aware of the changing needs of the people in society and recognises that these changes may require additional funding.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT

Principal risks and uncertainties

The Board of Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Society, and are satisfied that systems are in place to mitigate our exposure to the major risks. However, volatile energy prices and the continuing difficulty to recruit and retain good staff will have short to medium-term effects.

One of the main risks to the Society relates to the regulatory environment. Failure to meet regulatory requirements would impact both the operations and reputation of the Society. This risk is mitigated through the constant monitoring of regulatory requirements by management though the difficulties we experience in recruiting and retaining good staff, particularly at the higher level, have impacted on our ability to meet all regulatory requirements.

We take advice from Barclays Wealth in relation to our investments and the Board, advised by the Treasurer, has savings in recognised financial institutions all covered by the Financial Services Compensation Scheme (as per its Savings and Investment Policy).

Future developments

The objectives of the Society are to continue to provide a high level of care and support in both Westfield House and Ingleside and to that end a systematic programme of training has been introduced to ensure that all staff are familiar with and capable of carrying out the demanding roles of a "carer."

Westfield House and Ingleside continue to develop their provision for the care of those diagnosed with dementia, ensuring that new methods and information through research are considered and implemented to ensure the best possible care for our residents. It is anticipated that dementia care will remain a key priority for the Society.

Demand from an ageing population for the accommodation offered by the Society is likely to be steady given our previous reputation for quality care at competitive prices.

As trustees we were extremely disappointed to have received the poor CQC ratings and immediately set about implementing the recommendations that they, and our local authority made. This continues to be of the upmost importance and our highest priority in order to ensure that our residents receive the highest standards of care possible and ensure that we can support new residents in need of care. It was pleasing that during these inspections people within our care and their relatives who were spoken to were extremely positive about the care they or their family member receives. Similarly, our staff members spoke positively about their training and support received and about working with us in general. We cannot though and do not take these recommendations lightly as the implications are too significant. We need to ensure that we are able to continue to operate and provide quality care to those who need it and also to maintain the levels of occupancy required to ensure we are financially viable for the foreseeable future.

Value for money

The Society is charged with the responsibility for providing and demonstrating that it does offer value for money. The Society views value for money achievement as being the optimal balance between financial performance and the provision of a quality service that results in a high level of resident satisfaction. The Society monitors financial and operational performance monthly and benchmarks itself both within the National Abbeyfield Society but also externally.

STRATEGIC REPORT

Value for money (continued)

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 3 metrics covered by this note.

Metric 1 - Gearing %

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.
The gearing of the Society is 49.24% (2023 - 42.46%).

Metric 2 - Operational Margin %

The Operational Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.
The operational margin of the Society is negative at -1.12% (2023 - negative at -13.92%).

Metric 3 - Return on Capital Employed %

This metric compares the operating surplus to total assets less current liabilities.
For the Society this is negative at -0.57% (2023 - negative at -3.47%).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status

The Society is a company, registered in England and Wales limited by guarantee (Number 754694), having no share capital and with solely charitable purposes. It is also a registered charity (Number 238168) and with the Homes and Communities Agency as a housing association (Number H0595).

Members of the Board of Trustees

In accordance with the Articles of Association the members of the Board of Trustees as below, are members of the Society.

B R Bunn
D Hastings - Hon. Treasurer
F Fay
W G Holland - Vice Chairman
C Jennison
R Johnson - Chairman and Hon. Secretary
J Stephens (deceased 10.07.2024)
A Wood

Recruitment and appointment of new trustees

The Board of Trustees is typically comprised of between eight and twelve individuals with a cross section of management skills. Potential trustees are initially approached by existing board members and invited to attend two board meetings to gain an understanding of the operations of the Society. They are also shown around the Society's houses to see how they operate.

Following this process an invitation to join the board is made. The training needs of new board members are assessed based on their existing skills and experience and the need for future training is kept under constant review.

We are regularly looking to recruit other trustees and following the sad death of Mrs Stephens we currently have seven trustees appointed which is sufficient to our requirements.

Organisational structure and governance

The Society has a clear functional organisational structure with each house benefiting from professional care and catering staff. There is also a well defined administration function within the Society and an active board of trustees who oversee all decision making.

Day-to-day management of the Society is delegated by the Board to the General Manager Mrs Kerry Cattell. The General Manager's remuneration is reviewed annually by the Chairman, discussed at the Staff sub-committee and a recommendation is made to the full Board. The salary of the Care Manager is reviewed by the General Manager and then follows the same procedure as that outlined for the General Manager. In both cases due attention is given to the local recruitment situation in determining the salaries. The remuneration of all other employees is reviewed annually by the Finance Committee.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Corporate governance

The Society has adopted a Code of Conduct for Board members. This code reflects the seven principles of public life as adopted by the Nolan Committee. This is compliant with the National Housing Federations Excellence in Governance code in all areas with the exception of only one relating to the adoption of a Membership Policy with defined terms of office for all Board members. This is considered to be potentially detrimental to the organisation's well-being in terms of CQC inspections, the Society's current development programme, and the challenges the care sector is experiencing.

The Board has conducted an annual review of the effectiveness of the systems of internal control. No instances have been identified of internal control weaknesses resulting in material misstatement or loss.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Abbeyfield Loughborough Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022. 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis Audit Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ..... and signed on the board's behalf by:

Signed by:
Ruth Johnson
64E01D656E1E4B6...

Mrs R Johnson - Chairman

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield Loughborough Society Limited (the 'company') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the section related to going concern in note 2 of the financial statements which indicates that in order to continue to operate, and operate at the occupancy levels that make that financially possible, the company needs to implement improvements and recommendations arising from recent inspections and pass follow up inspections. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 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.

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 Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Trustees.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as depreciation of tangible fixed assets as well as the risk of inappropriate journal entries to manipulate reported profitability. Audit procedures performed by the engagement team included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on accounting estimates, including reviewing the methods and data used by management to make those estimates such as residual values and expected asset replacement cycles, reperforming the calculation, reviewing the outcome of prior year estimates, and reviewing the outcome of current year estimates since the financial reporting date.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: The Landlord and Tenant Act, Health and Social Care Act, Food Safety regulations, COVID-19 infection control and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. This included a review of inspection reports for any evidence of non-compliance, in addition to a review of statutory meeting minutes and solicitor correspondence. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan + Toplis Audit Limited

Niall Kingsley FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Audit Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Date: 27-Nov-24 | 16:14 GMT

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Turnover	3	3,078,134	1,667,144
Cost of sales		(2,771,119)	(1,706,095)
Gross surplus/(deficit)		307,015	(38,951)
Administrative expenses		(341,401)	(238,360)
Other operating income	4	-	45,220
Operating deficit		(34,386)	(232,091)
Provision for grant repayment	5	(271,209)	-
Impairment of tangible fixed assets	5	(426,939)	-
Interest payable and other finance costs	6	(197,763)	(131,591)
Investment income		28,931	(19,849)
Other income		7,185	13,601
Movement in fair value of financial instruments	7	33,176	(42,204)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(861,005)	(412,134)

CONTINUING OPERATIONS
All income and expenditure has arisen from continuing activities.

The Statement of Comprehensive Income was approved by the board on .....

Signed by:
EE691D5B44F34E0...
D Hastings - Trustee

Signed by:
64E01D656E1E4B6...
Mrs R Johnson - Trustee

The notes form part of these financial statements

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2024

	Income and expenditure reserve £	Total £
At 1 April 2023	**3,522,554**	**3,522,554**
Deficit for financial year	(861,005)	(861,005)
Total comprehensive income	(861,005)	(861,005)
At 31 March 2024	**2,661,549**	**2,661,549**

The notes form part of these financial statements

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION
31 MARCH 2024

	Notes	2024 £	2023 £
FIXED ASSETS			
Tangible assets	11	5,559,242	5,996,061
Investments	12	512,371	576,567
		6,071,613	6,572,628
CURRENT ASSETS			
Debtors	13	47,480	55,228
Cash at bank and in hand		339,340	326,913
		386,820	382,141
CREDITORS			
Amounts falling due within one year	14	(430,235)	(268,350)
NET CURRENT (LIABILITIES) / ASSETS		(43,415)	113,791
TOTAL ASSETS LESS CURRENT LIABILITIES		6,028,198	6,686,419
CREDITORS			
Amounts falling due after more than one year	15	(2,536,041)	(3,163,865)
PROVISIONS FOR LIABILITIES	18	(830,608)	-
NET ASSETS		2,661,549	3,522,554
CAPITAL AND RESERVES			
Income and expenditure reserve	27	2,661,549	3,522,554
TOTAL FUNDS		2,661,549	3,522,554

The financial statements were approved by the Board of Trustees and authorised for issue on ..... and were signed on its behalf by:

Signed by:
EE691D5B44F34E0...
.....
D M Hastings - Trustee

Signed by:
64E01D658E1E486...
.....
R Johnson - Trustee

The notes form part of these financial statements

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Cash generated from operations	1	214,533	(575,125)
Net cash used in operating activities		214,533	(575,125)
Cash flows from investing activities			
Purchase of tangible fixed assets		(119,959)	(1,421,402)
Sale of fixed asset investments		101,439	600,970
Interest received and similar income		31,752	40,814
Net cash provided by/(used in) investing activities		13,232	(779,618)
Cash flows from financing activities			
New loans in year		-	1,865,635
Capital repayments in year		(17,872)	-
Interest paid		(197,763)	(20,616)
Net cash provided by financing activities		(215,635)	1,845,019
Change in cash and cash equivalents in the reporting period		12,130	(752,191)
Cash and cash equivalents at the beginning of the reporting period	2	328,216	1,080,407
Cash and cash equivalents at the end of the reporting period	2	340,346	328,216

The notes form part of these financial statements

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NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2024	2023
	£	£
Operating deficit for the year	(34,386)	(232,091)
Adjustments for:		
Depreciation charges	129,839	82,917
Provision for grant repayment	(271,209)	-
Movement on deferred capital grant	(581,959)	(8,563)
Decrease/(increase) in debtors	7,748	(24,295)
Increase/(decrease) in creditors	133,892	(393,093)
Increase in provisions	830,608	-
Net cash used in operations	214,533	(575,125)

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2024	2023
	£	£
Cash in hand	2,122	2,906
Notice deposits (less than 3 months)	337,218	324,007
Cash deposit on Fixed Asset Investment	1,006	1,303
Total cash and cash equivalents	340,346	328,216

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.23	Cash flow	At 31.3.24
	£	£	£
Net cash			
Cash at bank and in hand	326,913	12,427	339,340
	326,913	12,427	339,340
Debt			
Debts falling due within 1 year	(17,872)	(27,993)	(45,865)
Debts falling due after 1 year	(2,581,906)	45,865	(2,536,041)
	(2,599,778)	17,872	(2,581,906)
Total	(2,272,865)	30,299	(2,242,566)

The notes form part of these financial statements

Docusign Envelope ID: E916288E-CAB1-46C7-A2C8-C473FF442DF3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. GENERAL INFORMATION

The society is a company limited by guarantee, incorporated in England and Wales (Number 754694), having no share capital and with solely charitable purposes. It is also registered as a charity (Number 238168) and with the Housing Corporation as a housing association (Number HO595). The company is governed by the Landlord and Tenant Act 1985.

The registered office is 44 Westfield Drive, Loughborough, Leicestershire, LE11 3QL.

The financial statements are prepared in Sterling which is the functional currency of the society and rounded to the nearest £.

The financial statements cover the individual entity.

The society constitutes a public benefit entity as defined by FRS 102.

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

Turnover
Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and Homes England and the Regulator of Social Housing.

Tangible fixed assets and depreciation
Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets except freehold land which is not depreciated on account of its indefinite useful economic life, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Assets and their components are depreciated over their useful lives on the following basis:

Description	Estimated useful life
Land & Buildings:	
Structure	100
Kitchen	30
Bathroom	30
White goods	10
Roofs	50
Lifts	15
Fixtures, fittings & equipment	7

continued...

2. ACCOUNTING POLICIES - continued

Tangible fixed assets and depreciation

Housing properties under construction are not depreciated until they are in use.

At each reporting date, tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment is recognised immediately in the statement of comprehensive income.

Corporation tax and VAT

The society has charitable status and is exempt from Corporation Tax on the income it has received. The society is not registered for VAT. Accordingly no VAT is charged to residents and the expenditure in the statement of comprehensive income includes the relevant VAT.

Pension costs and other post-retirement benefits

The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Social housing grant

Where Social Housing Grants (SHG), are received in respect of developments these grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Monetary Donations

Monetary donations to the society are credited in the financial statements on a receipts basis.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Provisions

Provisions are recognised when the society has an obligation at the financial reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the financial reporting date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by Homes England and the Regulator of Social Housing and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with Homes England and the Regulator of Social Housing. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

Investments

Fixed asset investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably.

continued...

2. ACCOUNTING POLICIES - continued

Loans, borrowings and short term deposits
These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that the basic financial instruments are subsequently measured at amortised costs, however the society has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and borrowings that are repayable or receivable within one year are not discounted.

Going concern
The society has made operating deficits in the last four years and now sees itself in a net current liability position at the year end. Despite the poor performance, the society remains in a net asset position. During this period the society suffered a high level of voids at both its Westfield Drive and Ingleside House properties. In addition, wages for care staff and agency labour nearly doubled. Both voids and labour costs increased significantly following the inspection carried out by the Care Quality Commission (CQC) in September 2023 where the society received an overall rating of "inadequate". Separate inspections were carried out by the Leicestershire County Council (LCC) just a few days later as part of their contract monitoring visits and they too identified contract compliance points to be actioned.

Following the CQC inspection in September 2023, the society were suspended from accepting any more residents until their recommendations were implemented and overall rating was boosted at the next inspection visit in February 2024. This did not prevent the society from continuing to care for the residents already in its care during the intervening six month period. The society were also informed that they were understaffed and needed more care staff per shift to care for residents.

The society subsequently improved their overall rating with the CQC to "requires improvement" in February 2024. The society also addressed all contract compliance points raised by the LCC. However, occupancy levels have been slow to pick up since the inspections carried out in September 2023.

The society's forecasts and plans to return to an operating surplus were based on achieving sufficient occupancy at both Ingleside House and at its Westfield Drive Property. Whilst another operating deficit is expected for the next financial year, the society is optimistic that results can be turned around. From January 2025, the society are aiming to improve occupancy by two residents at each house each month. In addition, the society have temporarily closed the upper floor at Ingleside House to reduce operating costs whilst continuing to provide an adequate standard of care to residents.

If the society is unsuccessful in achieving budgeted occupancy levels, then this could seriously impact its ability to continue. The society disposed of all remaining investments after the year end and with significant operating deficits being incurred, there is a risk that the society runs out of sufficient working capital to continue.

Furthermore, should the society receive another inadequate rating from the CQC, this is listed as a default event on the society's loan with the Charity bank and therefore could result in the loan referred to in note 16 becoming repayable in addition to any future breaches of loan covenants that are not waived by the bank. The trustees are committed to maintaining an adequate standard of care for residents with the goal of regaining the CQC rating of "good". The trustees believe they have the senior practice management team in place to ensure that the standard of care continues to improve. For this reason, the financial statements have been prepared on the going concern basis as this is still considered appropriate by the trustees.

There are though as a result of the above material uncertainties related to events or conditions that may cast doubt on the entity's ability to continue going concern for the foreseeable future and, therefore the society might be unable to realise its assets and discharge its liabilities in the normal course of business.

Judgements and key sources of estimation uncertainty
On transition to FRS102 the historical information to break down housing property assets into components was not available without undue cost or effort, and therefore has been included as structure within land and buildings and consequently depreciated over 100 years.

Housing property assets will in future be broken down into components based on management's assessment of the properties and useful economic lives will be assigned to these components.

continued...

3. TURNOVER

	2024	2023
	£	£
Rents received	3,925,858	2,274,598
Void losses	(856,282)	(616,017)
Amortised government grants	8,558	8,563
Net income from residential charges	3,078,134	1,667,144

4. OTHER OPERATING INCOME

	2024	2023
	£	£
Grant	-	45,220

Other operating income relates to income received in the prior year from the local council in relation to Infection Control, Rapid Testing and Workforce Capacity. Income is recognised on a systematic basis over the period in which the related costs for which the grant is intended to compensate are recognised.

5. EXCEPTIONAL ITEMS

	2024	2023
	£	£
Provision for grant repayment	271,209	-
Impairment of tangible fixed assets	426,939	-
Exceptional items	698,148	-

The society changed the purpose of one of their housing properties from supported housing to dementia care. This resulted in historic grants from Homes England relating to the housing property becoming repayable in the year.

Impairment losses in respect of tangible fixed assets arose following a professional valuation being performed for freehold property in May 2023 based on a current assessment of market value as a fully equipped operational entity. The number of units impacted by the impairment loss is two. The carrying value of these assets prior to the recognition of the impairment loss was £5,626,939 (2023: £5,640,617).

6. INVESTMENT INCOME

	2024	2023
	£	£
Income from listed investments	17,972	25,461
Profit/(loss) on disposal of listed investments	4,364	(47,062)
Bank interest	6,595	1,752
	28,931	(19,849)

7. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2024	2023
	£	£
Movement in fair value of Fixed Asset investments	33,176	(42,204)

continued...

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8. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Surplus/(deficit) is stated after charging/(crediting):

	2024	2023
	£	£
Depreciation - owned assets	129,839	82,917
Impairment of tangible fixed assets	426,939	-
Auditor's remuneration for audit	25,680	10,680
Grants released to income	(8,558)	(8,563)
Provision for grant repayment	271,209	-

The auditors remuneration shown in 2024 includes a £7,680 under-provision relating to the 2023 audit.

9. TRUSTEES' REMUNERATION AND BENEFITS

Key management personnel neither received or waived any remuneration during the year (2023: nil).

No remuneration was received by non-executive board members (2023: nil).

Trustees' expenses

There were £478 trustees' expenses paid during the year ended 31 March 2024 (2023: £338).

10. STAFF COSTS

	2024	2023
	£	£
Wages and salaries	1,728,920	1,010,848
Social security costs	112,093	65,751
Other pension costs	19,972	15,453
	1,860,985	1,092,052

The average monthly number of employees during the year was as follows:

	2024	2023
Administration	4	4
Care staff	83	47
	87	51

No employees received emoluments in excess of £60,000.

continued...

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 April 2023	6,172,510	8,124	677,751	6,858,385
Additions	48,212	-	71,747	119,959
At 31 March 2024	6,220,722	8,124	749,498	6,978,344
DEPRECIATION				
At 1 April 2023	531,893	3,894	326,537	862,324
Charge for year	61,890	163	67,786	129,839
Impairment	426,939	-	-	426,939
At 31 March 2024	1,020,722	4,057	394,323	1,419,102
NET BOOK VALUE				
At 31 March 2024	5,200,000	4,067	355,175	5,559,242
At 31 March 2023	5,640,617	4,230	351,214	5,996,061

All freehold properties held for letting are completed properties and there are none under construction. Total accumulated impairments of £Nil are recognised in the opening position.

12. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 April 2023	575,264	1,303	576,567
Disposals	(97,075)	-	(97,075)
Revaluations	33,176	-	33,176
Cash movement	-	(297)	(297)
At 31 March 2024	511,365	1,006	512,371
NET BOOK VALUE			
At 31 March 2024	511,365	1,006	512,371
At 31 March 2023	575,264	1,303	576,567

There were no investment assets outside the UK.

Cost or valuation at 31 March 2024 is represented by:

	Listed investments £	Cash and settlements pending £	Totals £
Valuation in 2024	511,365	1,006	512,371

The historical cost of these investments is £388,092 (2023: £466,876).

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

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13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Residential charges due and unpaid	20,484	37,576
Other debtors	1,514	1,405
Prepayments	25,482	16,247
	47,480	55,228

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Bank loans and overdrafts (see note 17)	45,865	17,872
Trade creditors	156,531	112,622
Payments received on account	50,046	27,817
Social security and other taxes	27,716	18,149
Other creditors	10,381	10,728
Accruals and deferred income	139,696	81,162
	430,235	268,350

The average number of days between receipt and payment of purchase invoices is 45 (2023: 10) days.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	£	£
Bank loans (see note 17)	2,536,041	2,581,906
Deferred capital grants	-	581,959
	2,536,041	3,163,865

16. LOANS

An analysis of the maturity of loans is given below:

	2024	2023
	£	£
Amounts falling due within one year on demand:		
Bank loans	45,865	17,872
Amounts falling between one and two years:		
Bank loans - 1-2 years	50,437	45,183
Amounts falling due between two and five years:		
Bank loans - 2-5 years	176,039	157,941
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instalments	2,309,565	2,378,782

The society has one bank loan outstanding at the year-end.

The society is required to repay the capital and interest on the loan by monthly instalments up until the final repayment date. The interest rate is set at 2.65% above the bank base rate.

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16. LOANS (continued)

During the year the society breached one loan covenant clause relating to debt service cover. Due to this breach, the bank is contractually entitled to request immediate repayment of the outstanding loan amount shown above. However, the bank has agreed not to take any further action as a result of this breach. Therefore, it has not been deemed necessary to reclassify the bank loan as fully owing within one year. The society will be required to comply with the loan covenants going forward.

17. SECURED DEBTS

The following secured debts are included within creditors:

	2024	2023
	£	£
Bank loans	2,581,906	2,599,778

A fixed and floating charge dated 16 March 2021 is held over 190 Ashby Road and 44 Westfield Drive to secure the borrowings from the society bankers.

18. PROVISIONS FOR LIABILITIES

	2024	2023
	£	£
Provisions for grant repayment	830,608	-

The society changed the purpose of one of their housing properties from supported housing to dementia care. This resulted in historic grants of £830,608 from Homes England relating to the housing property becoming repayable in the year.

Homes England have allowed the deferral of the grant repayment until there is an improvement in the society's financial position such that repayment of the grant is possible and appropriate. The trustees are unable to estimate when the society will be in a financial position to repay the grant and for this reason the provision has not been discounted for the effect of the time value of money. Instead the provision is recognised at the face value of the amount agreed with Homes England to settle the obligation.

19. PENSION COMMITMENTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions payable by the society amounted to £19,972 (2023: £15,453).

20. OTHER FINANCIAL COMMITMENTS

The company has the following commitments due as follows:

	2024	2023
	£	£
Due in less than one year	44,402	26,341
Due between two and five years	70,245	70,272
Due in more than five years	640	5,741
	115,287	102,354

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21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2024.

22. EVENTS AFTER THE REPORTING DATE

Following the year-end, the society disposed of all of its listed investments for £516,022.

The Charity Bank extended their available loan facility to the society by £100,000 after the year-end.

23. FINANCIAL INSTRUMENTS

The carrying amounts of The Abbeyfield Loughborough Society Limited's financial instruments are as follows:

	2024 £	2023 £
Financial assets		
Measured at fair value through the statement of comprehensive income:		
- Fixed asset investments (note 12)	511,365	575,264
	511,365	575,264

Income and expense

	2024 £	2023 £
Financial assets measured at fair value through comprehensive income	33,176	(42,204)

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £Nil (2023: £Nil) and £197,763 (2023: £131,591) respectively.

Impairment losses recognised on tangible fixed assets totalled £426,939 (2023: £Nil).

24. SOCIAL HOUSING GRANT

The society has received Social Housing grants, which were used to fund the acquisition and development of housing properties and their components. The society had a future obligation to recycle such grants once the properties are disposed of. At 31 March 2024, the value of grants received in respect of these properties that had not been disposed of was £830,608 (2023: £858,142).

The amount of recycled capital grant at 31 March 2024 is £Nil (2023: £36,673).

The society changed the purpose of one of their housing properties from supported housing to dementia care. This resulted in historic grants from Homes England becoming repayable and the right of the society to recycle the grant funds was withdrawn. The £830,608 value shown above has been recognised within provisions at the year end as there is a probable outflow of economic resources to Homes England but the timing of this outflow is uncertain.

25. ACCOMMODATION IN MANAGEMENT

At the year-end, the society owned two housing units for older people.

The number of rooms under management was 64 (2023: 64).

26. CONTROL

The society is controlled by the Board.

continued...

27. RESERVES

	Balance at 1 April 2023	Income	Expenditure	Balance at 31 March 2024
	£	£	£	£
Unrestricted funds	(1,744,432)	2,927,315	3,930,622	(2,747,739)
Designated funds				
Capital expenditure reserve	30,000	71,747	71,747	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	74,098	7,185	6,062	75,221
Property fixed asset reserve	5,062,888	141,179	-	5,204,067
	3,522,554	3,147,426	4,008,431	2,661,549

	Balance at 1 April 2022	Income	Expenditure	Balance at 31 March 2023
	£	£	£	£
Unrestricted funds	(259,904)	259,118	1,743,646	(1,744,432)
Designated funds				
Capital expenditure reserve	30,000	324,831	324,831	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	68,066	13,601	7,569	74,098
Property fixed asset reserve	3,996,526	1,066,362	-	5,062,888
	3,934,688	1,663,912	2,076,046	3,522,554

Unrestricted funds relate to an income and expenditure reserve, representing cumulative surplus and deficits net of other adjustments for the below funds.

Designated funds are those unrestricted funds which have been set aside by the trustees for a specific purpose. The designated funds of the Society are noted below.

The capital expenditure reserve was set up to fund future expenditure on fixtures, fittings and equipment.

The housing property repair reserve was set up to ensure that funds are available for housing property repair and maintenance, without impacting the society's free reserves position.

The general charitable reserve represents the accumulated charitable donations received by the society unexpended at the year-end.

The property fixed asset reserve was set up to reflect the net investment in properties. In previous years, the deferred capital grant was deducted from this reserve. During the year, the capital grant has been transferred to provisions and is no longer deducted from the property fixed asset reserve.

Westfield House (Care) Ltd

England & Wales - Charity number 238168

Accounts

REGISTERED COMPANY NUMBER: 00754694 (England and Wales)
REGISTERED CHARITY NUMBER: 238168

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 FOR

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Duncan & Toplis Audit Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

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FOR THE YEAR ENDED 31 MARCH 2023

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2023

TRUSTEES	B R Bunn F Fay - Treasurer Mrs R Johnson - Chairman Mrs J Stephens C Jennison A Wood D M Hastings W G Holland
COMPANY SECRETARY	Mrs J Stephens
REGISTERED OFFICE	44 Westfield Drive Loughborough Leicestershire LE11 3QL
REGISTERED COMPANY NUMBER	00754694 (England and Wales)
REGISTERED CHARITY NUMBER	238168
SENIOR STATUTORY AUDITOR	Niall Kingsley FCA
AUDITORS	Duncan & Toplis Audit Limited, Statutory Auditor 3 Princes Court Royal Way Loughborough Leicestershire LE11 5XR
SOLICITORS	Moss Solicitors 80-81 Woodgate Loughborough Leicestershire LE11 2XE
BANKERS	National Westminster Bank plc Market Place Loughborough Leicestershire LE11 3NZ

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

The board of the trustees (who are also the directors of the Society for the purpose of company law) present their report, which incorporates the strategic report, and the financial statements for the year ended 31st March 2023.

STRATEGIC REPORT

Achievement and performance

Principal activities

The Society's principal activity for the year under review has been that of providing care for elderly residents with dementia.

The residents with dementia are accommodated in Westfield House and, since October 2022, Ingleside House which are both registered for dementia care.

The Board employs an Activities Coordinator and provides a budget for activities. The Board regards this as an important aspect of the care that it provides because it wishes to provide an enjoyable and stimulating environment for the residents. Similarly great care is taken to ensure that residents at Westfield House and Ingleside House receive food and drink which is in accord with their dietary requirements.

Westfield House had consistently received a “Good” grading from CQC and had achieved the LCC’s “Gold Standard”. However, following on from a CQC visit in January, Westfield House and Ingleside were judged as “Requires Improvement” and during a subsequent visit in September both Houses were judged “Inadequate”. In order to maintain a high level of care and to ensure that both houses once again are judged “Good” the Society's employees receive regular training for which there is a budget allocation and the buildings are maintained to a high standard. The management and staff will be working hard to ensure that next time CQC makes a visit they will see significant improvements.

Financial review

Review of the business

The Trustees can report an operating deficit for the year of £232,091 compared to an operating deficit of £132,629 for the previous year. The Society also generated a total comprehensive loss of £412,134 after investment income and changes in the value of investments. Last year, total comprehensive income of £294,627 was generated after the inclusion of the surplus on the sale of May Mills House during the prior year. An operating deficit arose due to the post-covid high number of empty rooms at Westfield House and the 17-week delay in the opening of Ingleside during which time we were making interest payments to Charity Bank on the mortgage we had secured with them. This problem was exacerbated by the continuously rising interest rates and the high energy costs which affected the whole of the UK. A particular problem was the difficulty in recruiting suitable staff and the consequent significant increase in agency fees which were the highest in the Society’s history. However, the Trustees are pleased to report that, with the near full occupancy at both houses, the current management figures are showing both operating and total comprehensive surpluses which we anticipate to continue throughout the current year.

The reserves of the Society remain in a strong position with £3,522,554 in reserves, of which £328,216 is available in cash as indicated on the Statement of Cash Flows.

In order to fulfil its objective, the Society has two properties. Although these properties are unrestricted assets they cannot be realised without undermining the Society's work. The board of Trustees therefore consider it appropriate to reflect the net investment in properties, after allowing for the deferred capital grant, of £5,062,888 by means of a designated fund.

Housing property repair and maintenance expenditure is charged to the Income and Expenditure account in the period in which it is incurred. As part of the reserves of the Society there exists a designated reserve for future significant expenditure of this nature. The Board of Trustees considers it prudent to allocate funds in this way so that such costs do not threaten the Society's free reserves position. The level of the reserve is calculated as a reasonable estimate of the level of expenditure which may arise and at 31 March 2023 was £100,000.

A capital expenditure reserve has been created to fund future expenditure on fixtures, fittings and equipment. The amount set aside at the year end is £30,000 and is based on the Society's obligations to replace assets of this type as they wear out.

A designated general charitable reserve represents the accumulated charitable donations received by the Society unexpended at the financial reporting date. There are no restrictions on the allocation of those receipts and at the year end the balance was £74,098.

After taking account of the designated funds described above the unrestricted funds at 31 March 2023 are negative £1,744,432. The negative figure takes in to account the mortgage on Ingleside. This allows the Society to continue with its objective of providing for and enhancing the quality of care received by the residents.

STRATEGIC REPORT

Review of the business (continued)
Given the straight forward nature of the business, the Society's Trustees are of the opinion that analysis using KPIs is not necessary for understanding of the development, performance or position of the business.

The Abbeyfield Loughborough Society is committed to providing affordable, caring and sustainable solutions for older people through a range of high quality services. Our strength lies in professionally catering for the needs, wants and aspirations of our residents with dignity and compassion in a warm friendly family environment.

Demand from an aging population for accommodation offered is likely to be steady given our previous reputation for total quality care at competitive prices, and reflected in, in normal times, low void levels and our previous positive inspection and assessment reports from CQC and LCC. However, in the medium term there is likely to be increased competition in dementia care and our most recent inspections and quality grades are likely to have an impact on our ability to attract residents.

Budgetary considerations will form part of the above and will be reflected in our annual business plans. We can demonstrate sound finances with adequate cash reserves of over £300,000 and investments of over £500,000 to ensure long term viability. We also have an effective committee and management structure to support and inform business decisions. Some of our reserves were used to finance the new facility on the Ingleside site and it was necessary to borrow a considerable amount of money to carry out this project. We secured a loan of £3million from Charity Bank but were able to reduce this by £400,000 following the sale of May Mills House thus reducing our overall debt and our monthly interest payments.

We are fortunate to have dedicated and committed staff who undergo on-going and extensive training and development programmes to provide a wide range of skills. The budget includes a substantial amount to support this training. However, recruitment and retention of good quality staff has become a serious issue for many in the care businesses and Abbeyfield is no exception.

It is the Society's policy to pay all of our staff the "Real Living Wage," as a minimum. This reflects the Board's view that caring for elderly residents with dementia is a skilled job and that all who work at Abbeyfield contribute to the high quality of care provided at both Westfield House and Ingleside. The Society will need to be mindful of the impact this will have on our fees, and consequently the ability of potential residents to fund their own care in the future, or to access appropriate financial support from the County Council.

Although there is an element of uncertainty with the longer-term future direction of care given concerns with funding reductions, declining assets held by residents and their families and the progress of medical science, we remain confident that there will be an on-going demand for care of the elderly and particularly for care of people with dementia.

Public benefit
The Society is run by a Board of Trustees comprised entirely of volunteers. It also relies on volunteers, who are recruited locally, throughout the Society to assist with activities and events.

The Society currently budgets for £24,000 of unrecoverable residents' fees per annum and is very sympathetic to residents who become unable to pay their fees due to a change in their circumstances and the refusal of Leicestershire County Council to pay the full fees of their funded residents.

The fees are currently maintained at a level that is considered to be affordable to all and is competitive in the current market.

The Board of Trustees has paid due regard to guidance issued by the Charity Commission in deciding which activities it should undertake.

Investment policy and objectives
Ad-hoc meetings and phone conversations take place with Barclays Wealth and they have assessed Abbeyfield's risk profile as being at the low end of medium. The basic mix of the portfolio is 67% stock market and 33% bank deposits. The Board is satisfied with the performance of its investments.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STRATEGIC REPORT

Reserves policy
It is proposed that the retained deficit of £412,134 is deducted from reserves.

The level of reserves remains high in order for the Society to guarantee the level of care they can provide to residents in the future. The Society will continue to maintain a sufficient level of reserves to enable it to meet any unforeseen events.

As detailed in the report the Board of Trustees is aware of the changing needs of the people in society and recognises that these changes may require additional funding.

Principal risks and uncertainties
The Board of Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Society, and are satisfied that systems are in place to mitigate our exposure to the major risks. However, volatile energy prices and the continuing difficulty to recruit and retain good staff will have short to medium-term effects.

One of the main risks to the Society relates to the regulatory environment. Failure to meet regulatory requirements would impact both the operations and reputation of the Society. This risk is mitigated through the constant monitoring of regulatory requirements by management though the difficulties we experience in recruiting and retaining good staff, particularly at the higher level, have impacted on our ability to meet all regulatory requirements.

We take advice from Barclays Wealth in relation to our investments and the Board, advised by the Treasurer, has savings in recognised financial institutions all covered by the Financial Services Compensation Scheme (as per its Savings and Investment Policy).

Market value of land and buildings
The Board of Trustees is of the opinion that the market value for the existing use of the land and buildings is £8,995,668 (2022: £4,177,880). This is based upon insurance valuations and has not been incorporated in the financial statements.

Future developments
The objectives of the Society are to continue to provide a high level of care and support in both Westfield House and Ingleside and to that end a systematic programme of training has been introduced to ensure that all staff are familiar with and capable of carrying out the demanding roles of a “carer”.

Westfield House and Ingleside continue to develop their provision for the care of those diagnosed with dementia, ensuring that new methods and information through research are considered and implemented to ensure the best possible care for our residents. It is anticipated that dementia care will remain a key priority for the Society.

Demand from an ageing population for the accommodation offered by the Society is likely to be steady given our previous reputation for quality care at competitive prices.

As referred to in the section related to going concern in note 2 of the financial statements, a further inspection by the CQC was carried out in September 2023 which gave an “inadequate” rating. The impact of this is that we are unable to take in any more residents until a further inspection has been carried out which is expected in 5 months’ time. As trustees we were extremely disappointed to have received this rating and are committed to implementing the recommendations that the CQC, and our local authority has made. This is of the upmost importance and our highest priority in order to ensure that our residents receive the highest standards of care possible and ensure that we can support new residents in need of care. It was pleasing that during these inspections people within our care and their relatives who were spoken to were extremely positive about the care they or their family member receives. Similarly, our staff members spoke positively about their training and support received and about working with us in general. We cannot though and do not take these recommendations lightly as the implications are too significant. We need to ensure that we are able to continue to operate and provide quality care to those who need it and also to maintain the levels of occupancy required to ensure we are financially viable for the foreseeable future.

Value for money
The Society is charged with the responsibility for providing and demonstrating that it does offer value for money. The Society views value for money achievement as being the optimal balance between financial performance and the provision of a quality service that results in a high level of resident satisfaction. The Society monitors financial and operational performance monthly and benchmarks itself both within the National Abbeyfield Society but also externally.

STRATEGIC REPORT

Value for money (continued)

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 3 metrics covered by this note.

Metric 1 – Gearing %

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.
The gearing of the Society is 42.16% (2022 – 32.16%).

Metric 2 – Operational Margin %

The Operational Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.
The operational margin of the Society is negative at -13.92% (2022 – negative at – 10.61%).

Metric 3 – Return on Capital Employed %

This metric compares the operating surplus to total assets less current liabilities.
For the Society this is negative at – 3.47% (2022 – negative at -2.08%).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status

The Society is a company, registered in England and Wales limited by guarantee (Number 754694), having no share capital and with solely charitable purposes. It is also a registered charity (Number 238168) and with the Homes and Communities Agency as a housing association (Number H0595).

Members of the Board of Trustees

In accordance with the Articles of Association the members of the Board of Trustees as below, are members of the Society.

B R Bunn
D Hastings
F Fay - Vice Chairman and Hon. Treasurer
W G Holland (appointed 28.06.2022)
C Jennison
R Johnson - Chairman
J Stephens - Hon. Secretary
A Wood

Recruitment and appointment of new trustees

The Board of Trustees is typically comprised of between eight and twelve individuals with a cross section of management skills. Potential trustees are initially approached by existing board members and invited to attend two board meetings to gain an understanding of the operations of the Society. They are also shown around the Society's houses to see how they operate.

Following this process an invitation to join the board is made. The training needs of new board members are assessed based on their existing skills and experience and the need for future training is kept under constant review.

We are regularly looking to recruit other trustees but we currently have eight trustees appointed which is sufficient to our requirements.

Organisational structure and governance

The Society has a clear functional organisational structure with each house benefiting from professional care and catering staff. There is also a well-defined administration function within the Society and an active board of trustees who oversee all decision making.

Day-to-day management of the Society is delegated by the Board to the General Manager, Mrs Tess Atwall. The General Manager's salary is reviewed annually by the Chairman, discussed at the Staff sub-committee and a recommendation is made to the full Board. The salary of the Care Manager is reviewed by the General Manager and then follows the same procedure as that outlined for the General Manager. In both cases due attention is given to the local recruitment situation in determining the salaries. The remuneration of all other employees is reviewed annually by the Finance Committee.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Corporate governance

The Society has adopted a Code of Conduct for Board members. This code reflects the seven principles of public life as adopted by the Nolan Committee. This is compliant with the National Housing Federations Excellence in Governance code in all areas except for only one relating to the adoption of a Membership Policy with defined terms of office for all Board members. This is considered to be potentially detrimental to the organisation's well-being in terms of CQC inspections, the Society's current development programme, and the challenges the care sector is experiencing.

The Board has conducted an annual review of the effectiveness of the systems of internal control. No instances have been identified of internal control weaknesses resulting in material misstatement or loss.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Abbeyfield Loughborough Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022. 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.

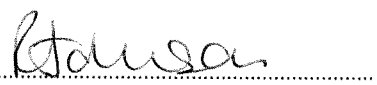
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis Audit Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 30/10/2023 and signed on the board's behalf by:



Mrs R Johnson - Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield Loughborough Society Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, 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 (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 its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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.

Material uncertainty related to going concern

We draw attention to the section related to going concern in note 2 of the financial statements which indicates that in order to continue to operate, and operate at the occupancy levels that make that financially possible, the charitable company needs to implement improvements and recommendations arising from recent inspections and pass follow up inspections. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the charitable company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 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.

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 Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the 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 Strategic Report and the Report of the Trustees.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors
As explained more fully in the Statement of Trustees' Responsibilities, 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 directors 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as depreciation of tangible fixed assets as well as the risk of inappropriate journal entries to manipulate reported profitability. Audit procedures performed by the engagement team included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on accounting estimates, including reviewing the methods and data used by management to make those estimates such as residual values and expected asset replacement cycles, reperforming the calculation, reviewing the outcome of prior year estimates, and reviewing the outcome of current year estimates since the financial reporting date.

Our responsibilities for the audit of the financial statements (continued)

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: The Landlord and Tenant Act, Health and Social Care Act, Food Safety regulations, COVID-19 infection control and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. This included a review of inspection reports for any evidence of non-compliance, in addition to a review of statutory meeting minutes and solicitor correspondence. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan & Toplis Audit Limited

Niall Kingsley FCA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Audit Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Date: 7 November 2023

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 As restated £
Turnover	3	1,667,144	1,249,884
Cost of sales		(1,706,095)	(1,239,219)
Gross surplus/(deficit)		(38,951)	10,665
Administrative expenses		(238,360)	(236,413)
Other operating income	4	45,220	93,119
Operating deficit		(232,091)	(132,629)
Profit/(loss) on disposal of fixed assets	6	-	332,982
Interest payable and other finance costs		(131,591)	(20,616)
Investment income	5	(19,849)	32,230
Other income		13,601	12,146
Movement in fair value of financial instruments	7	(42,204)	70,514
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(412,134)	294,627

CONTINUING OPERATIONS
All income and expenditure has arisen from continuing activities.

The Statement of Comprehensive Income was approved by the board on 30.1.23

F Fay - Trustee

Mrs R Johnson - Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2023

	Income and expenditure reserve £	Total £
At 1 April 2022	**3,934,688**	**3,934,688**
Deficit for financial year	(412,134)	(412,134)
Total comprehensive income	(412,134)	(412,134)
At 31 March 2023	**3,522,554**	**3,522,554**

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2023

	Notes	2023 £	2022 As restated £
FIXED ASSETS			
Tangible assets	11	5,996,061	4,657,576
Investments	12	576,567	1,268,356
		6,572,628	5,925,932
CURRENT ASSETS			
Debtors	13	55,228	30,933
Cash at bank and in hand		326,913	1,077,551
		382,141	1,108,484
CREDITORS			
Amounts falling due within one year	14	(268,350)	(643,571)
NET CURRENT ASSETS		113,791	464,913
TOTAL ASSETS LESS CURRENT LIABILITIES		6,686,419	6,390,845
CREDITORS			
Amounts falling due after more than one year	15	(3,163,865)	(2,456,157)
NET ASSETS		3,522,554	3,934,688
CAPITAL AND RESERVES			
Income and expenditure reserve	27	3,522,554	3,934,688
		3,522,554	3,934,688

The financial statements were approved by the Board of Trustees and authorised for issue on 30/10/23 and were signed on its behalf by:

F Fay - Trustee

Mrs R Johnson - Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	(575,125)	336,811
Net cash provided by operating activities		(575,125)	336,811
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,421,402)	(2,538,378)
Sale of tangible fixed assets		-	705,572
Sale of fixed asset investments		600,970	4,191
Interest received and similar income		40,814	44,196
Net cash (used in)/provided by investing activities		(779,618)	(1,784,419)
Cash flows from financing activities			
New loans in year		734,143	1,865,635
Interest paid		(131,591)	(20,616)
Net cash provided by financing activities		602,552	1,845,019
Change in cash and cash equivalents in the reporting period		(752,191)	397,411
Cash and cash equivalents at the beginning of the reporting period	2	1,080,407	682,996
Cash and cash equivalents at the end of the reporting period	2	328,216	1,080,407

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Operating deficit for the year	(232,091)	(132,629)
Adjustments for:		
Depreciation charges	82,917	53,939
Movement on deferred capital grant	(8,563)	(47,622)
Increase in debtors	(24,295)	(8,674)
Increase/(decrease) in creditors	(393,093)	471,797
Net cash (used in)/provided by operations	(575,125)	336,811

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash in hand	2,906	1,177
Notice deposits (less than 3 months)	324,007	1,076,374
Cash deposit on Fixed Asset Investment	1,303	2,856
Total cash and cash equivalents	328,216	1,080,407

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank and in hand	1,077,551	(750,638)	326,913
	1,077,551	(750,638)	326,913
Debt			
Debts falling due within 1 year	-	(17,872)	(17,872)
Debts falling due after 1 year	(1,865,635)	(716,271)	(2,581,906)
	(1,865,635)	(734,143)	(2,599,778)
Total	(788,084)	(1,484,781)	(2,272,865)

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

The society is a company limited by guarantee, incorporated in England and Wales (Number 754694), having no share capital and with solely charitable purposes. It is also registered as a charity (Number 238168) and with the Housing Corporation as a housing association (Number HO595). The company is governed by the Landlord and Tenant Act 1985.

The registered office is 44 Westfield Drive, Loughborough, Leicestershire, LE11 3QL.

The financial statements are prepared in Sterling which is the functional currency of the society and rounded to the nearest £.

The financial statements cover the individual entity.

The society constitutes a public benefit entity as defined by FRS 102.

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2022. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

Turnover
Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and Homes England and the Regulator of Social Housing.

Tangible fixed assets and depreciation
Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets except freehold land which is not depreciated on account of its indefinite useful economic life, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Assets and their components are depreciated over their useful lives on the following basis:

Description	Estimated useful life
Land & Buildings:	
Structure	100
Kitchen	30
Bathroom	30
White goods	10
Roofs	50
Lifts	15
Fixtures, fittings & equipment	7

continued...

2. ACCOUNTING POLICIES - continued

Tangible fixed assets and depreciation
Housing properties under construction are not depreciated until they are in use.

Corporation tax and VAT
The society has charitable status and is exempt from Corporation Tax on the income it has received. The society is not registered for VAT. Accordingly no VAT is charged to residents and the expenditure in the statement of comprehensive income includes the relevant VAT.

Pension costs and other post-retirement benefits
The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Social housing grant
Where Social Housing Grants (SHG), are received in respect of developments these grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Monetary Donations
Monetary donations to the society are credited in the financial statements on a receipts basis.

Debtors and creditors receivable / payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Provisions
Provisions are recognised when the society has an obligation at the financial reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the financial reporting date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund
Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by Homes England and the Regulator of Social Housing and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with Homes England and the Regulator of Social Housing. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

Investments
Fixed asset investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably.

Loans, borrowings and short term deposits
These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that the basic financial instruments are subsequently measured at amortised costs, however the society has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and borrowings that are repayable or receivable within one year are not discounted.

continued...

2. ACCOUNTING POLICIES - continued

Going concern

The society has made operating deficits in the last three years but still remains in a net current asset and net asset position. During this period the significant capital project was underway relating to the new specialist dementia care facility at Ingleside. The society's forecasts and plans to return to an operating surplus were based on achieving sufficient occupancy at the new Ingleside property whilst retaining a low level of voids at its Westfield Drive Property. Since the Ingleside property was completed and opened in November 2022 the society has managed to fill 26 rooms which is higher than forecasted at this stage and combined with the low level of voids at Westfield Drive has returned the society to generating a monthly surplus post year end.

However, in September 2023 the society received an inspection by the Care Quality Commission (CQC) and was given an overall rating of inadequate. Separate inspections were carried out by Leicestershire County Council as part of their contract monitoring visits and they too identified contract compliance points to be actioned and are working with the society to ensure these are addressed.

Unfortunately following the CQC inspection the society has been suspended from accepting any more residents until their recommendations have been implemented and a further inspection has taken place. This further inspection is not scheduled until February/March 2024. This does not prevent the society from continuing to care for the residents already in its care. As stated above, occupancy levels are currently higher than the society had forecast and that were required for the society to operate at a surplus. It is acknowledged though that should any residents leave the societies care it is not able to replace them and this could impact on its current financial performance until it has successfully undertaken this future inspection.

More significantly if the society is unsuccessful it is possible, though not considered likely, that the CQC or the local authority could implement stronger actions against the society that could impact its ability to continue. Furthermore, should the society lose its CQC registration this is listed as a default event on the society's loan with the Charity bank and therefore could result in the loan referred to in note 16 becoming repayable in addition to any future breaches of loan covenants that are not waived by the bank. The trustees are committed to implementing the recommendations and improvements required as their highest priority and believe they have the senior practice management team in place, after a turbulent year with team changes and recruitment, to ensure that these are being or will be addressed. For this reason, the financial statements have been prepared on a going concern basis as this is still considered appropriate by the trustees.

There are though as a result of the above material uncertainties related to events or conditions that may cast doubt on the entity's ability to continue going concern for the foreseeable future and, therefore the society might be unable to realise its assets and discharge its liabilities in the normal course of business.

Judgements and key sources of estimation uncertainty

On transition to FRS102 the historical information to break down housing property assets into components was not available without undue cost or effort, and therefore has been included as structure within land and buildings and consequently depreciated over 100 years.

Housing property assets will in future be broken down into components based on management's assessment of the properties and useful economic lives will be assigned to these components.

3. TURNOVER

	2023 £	2022 £
Rents received	2,274,598	1,532,056
Void losses	(616,017)	(274,038)
Amortised government grants	8,563	9,254
Reversal of amortised government grants due to repayment required	-	(17,388)
Net income from residential charges	1,667,144	1,249,884

The society disposed of one of their housing properties during the prior year. This resulted in historic grants from Homes England relating to the disposed housing property becoming repayable in the prior year.

continued...

4. OTHER OPERATING INCOME

	2023	2022
	£	£
Grants	45,220	93,119

Other operating income relates to income received from the local council in relation to Infection Control, Rapid Testing and Workforce Capacity. Income is recognised on a systematic basis over the period in which the related costs for which the grant is intended to compensate are recognised.

5. INVESTMENT INCOME

	2023	2022
	£	£
Income from listed investments	25,461	31,913
Profit/(loss) on disposal of listed investments	(47,062)	180
Bank interest	1,752	137
	(19,849)	32,230

6. DISPOSALS OF HOUSING PROPERTIES HELD AS TANGIBLE FIXED ASSETS

	2023	2022
	£	£
Proceeds from the disposal of housing properties	-	705,572
Carrying value of housing properties	-	(372,590)
Profit/(loss) on disposal of fixed assets	-	332,982

The society disposed of their housing property on Forest Road in March 2022, generating a profit on disposal of £332,982 in the prior year.

7. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2023	2022
	£	£
Movement in fair value of Fixed Asset investments	(42,204)	70,514

8. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Surplus/(deficit) is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	82,917	53,939
Surplus on disposal of fixed assets	-	(332,982)
Auditor's remuneration for audit	10,680	9,120
Grants released to income	(8,563)	(9,254)

continued...

9. TRUSTEES' REMUNERATION AND BENEFITS

Key management personnel neither received or waived any remuneration during the year (2022: nil).

No remuneration was received by non-executive board members (2022: nil).

Trustees' expenses

There were £338 trustees' expenses paid for the year ended 31st March 2023 (2022: £14).

10. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	1,010,848	891,576
Social security costs	65,751	52,518
Other pension costs	15,453	16,569
	1,092,052	960,663

The average monthly number of employees during the year was as follows:

	2023	2022
Administration	4	4
Care staff	47	48
	51	52

No employees received emoluments in excess of £60,000.

11. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings	Totals
	£	£	£	£
COST				
At 1 April 2022	5,075,939	8,124	352,920	5,436,983
Additions	1,096,571	-	324,831	1,421,402
At 31 March 2023	6,172,510	8,124	677,751	6,858,385
DEPRECIATION				
At 1 April 2022	493,283	3,732	282,392	779,407
Charge for year	38,610	162	44,145	82,917
At 31 March 2023	531,893	3,894	326,537	862,324
NET BOOK VALUE				
At 31 March 2023	5,640,617	4,230	351,214	5,996,061
At 31 March 2022	4,582,656	4,392	70,528	4,657,576

All freehold properties held for letting are completed properties and there are none under construction.

continued...

12. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 April 2022	1,265,500	2,856	1,268,356
Disposals	(648,032)	-	(648,032)
Revaluations	(42,204)	-	(42,204)
Cash movement	-	(1,553)	(1,553)
At 31 March 2023	575,264	1,303	576,567
NET BOOK VALUE			
At 31 March 2023	575,264	1,303	576,567
At 31 March 2022	1,265,500	2,856	1,268,356

Cost or valuation at 31 March 2023 is represented by:

	Listed investments £	Cash and settlements pending £	Totals £
Valuation in 2023	575,264	1,303	576,567

The historical cost of these investments is £466,876 (2022: £956,862).

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

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	37,576	11,495
Other debtors	1,405	2,118
Prepayments	16,247	17,320
	55,228	30,933

continued...

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 17)	17,872	-
Trade creditors	112,622	469,384
Payments received on account	27,817	8,597
Social security and other taxes	18,149	-
Other creditors	10,728	65,079
Accruals and deferred income	81,162	100,511
	268,350	643,571

The average number of days between receipt and payment of purchase invoices is 10 (2022: 50) days.

Government grant income of £Nil (2022: £26,898) is included within accruals and deferred income.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans (see note 17)	2,581,906	1,865,635
Deferred capital grants	581,959	590,522
	3,163,865	2,456,157

16. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year on demand:		
Bank loans	17,872	-
Amounts falling between one and two years:		
Bank loans - 1-2 years	45,183	58,383
Amounts falling due between two and five years:		
Bank loans - 2-5 years	157,941	210,247
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instalments	2,378,782	1,597,005

The society has one bank loan outstanding at the year-end.

The society is only required to repay the loan by monthly instalments of interest only to October 2023. From November 2023, the society will be required to repay the capital and interest on the loan by monthly instalments up until the final repayment date.

Following the property completion in October 2022, the interest rate is set at 2.65% above the bank base rate.

Although the society breached two loan covenants being the debt service cover and capital expenditure threshold covenants in the year, the bank directly confirmed that they had waived these covenants this year. Therefore, it has not been deemed necessary to reclassify the bank loan as fully owing within one year. The society will be required to comply with the loan covenants going forward.

continued...

17. SECURED DEBTS

The following secured debts are included within creditors:

	2023	2022
	£	£
Bank loans	2,599,778	1,865,635

A fixed and floating charge dated 16 March 2021 is held over 190 Ashby Road and 44 Westfield Drive to secure the borrowings from the society bankers.

18. PENSION COMMITMENTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions payable by the society amounted to £15,453 (2022: £16,569).

19. CAPITAL COMMITMENTS

	2023	2022
	£	£
Contracted but not provided for in the financial statements	-	1,089,664

20. OTHER FINANCIAL COMMITMENTS

The company has the following commitments due as follows:

	2023	2022
	£	£
Due in less than one year	26,341	25,701
Due between two and five years	70,272	89,748
Due in more than five years	5,741	12,607
	102,354	128,056

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2023.

continued...

22. FINANCIAL INSTRUMENTS

The carrying amounts of The Abbeyfield Loughborough Society Limited's financial instruments are as follows:

	2023	2022
	£	£
Financial assets		
Measured at fair value through the statement of comprehensive income:		
- Fixed asset investments (note 12)	575,264	1,265,500
	575,264	1,265,500

Income and expense

	2023	2022
	£	£
Financial assets measured at fair value through comprehensive income	(42,204)	70,514

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £Nil (2022: £Nil) and £131,591 (2022: £20,616) respectively.

23. SOCIAL HOUSING GRANT

The society has received Social Housing grants, which were used to fund the acquisition and development of housing properties and their components. The society has a future obligation to recycle such grants once the properties are disposed of. At 31st March 2023, the value of grants received in respect of these properties that had not been disposed of was £858,142 (2022: £858,142).

The amount of recycled capital grant at 31st March 2023 is £36,673 (2022: £36,673).

24. ACCOMMODATION IN MANAGEMENT

At the year-end, the society owned two housing units for older people.

The number of rooms under management was 64 (2022: 31).

25. CONTROL

The society is controlled by the Board.

26. COMPARATIVE INFORMATION

Agency labour costs of £90,714 in the prior year were reclassified from administrative expenses to cost of sales to more accurately reflect the nature of the agency labour. This reduced the gross surplus to £10,665 in 2022 but had no impact on the total comprehensive income for the year.

continued...

27. RESERVES

	Balance at 1 April 2022	Income	Expenditure	Balance at 31 March 2023
	£	£	£	£
Unrestricted funds	(259,904)	259,118	1,743,646	(1,744,432)
Designated funds				
Capital expenditure reserve	30,000	324,831	324,831	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	68,066	13,601	7,569	74,098
Property fixed asset reserve	3,996,526	1,066,362	-	5,062,888
	3,934,688	1,663,912	2,076,046	3,522,554

	Balance at 1 April 2021	Income	Expenditure	Balance at 31 March 2022
	£	£	£	£
Unrestricted funds	1,627,825	(411,611)	1,476,118	(259,904)
Designated funds				
Capital expenditure reserve	30,000	14,724	14,724	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	61,326	12,146	5,406	68,066
Property fixed asset reserve	1,820,910	2,175,616	-	3,996,526
	3,640,061	1,790,875	1,496,248	3,934,688

Unrestricted funds relate to an income and expenditure reserve, representing cumulative surplus and deficits net of other adjustments for the below funds.

Designated funds are those unrestricted funds which have been set aside by the trustees for a specific purpose. The designated funds of the Society are noted below.

The capital expenditure reserve was set up to fund future expenditure on fixtures, fittings and equipment.

The housing property repair reserve was set up to ensure that funds are available for housing property repair and maintenance, without impacting the society's free reserves position.

The general charitable reserve represents the accumulated charitable donations received by the society unexpended at the year-end.

The property fixed asset reserve was set up to reflect the net investment in properties, after allowing for the deferred capital grant.

Westfield House (Care) Ltd

England & Wales - Charity number 238168

Accounts

REGISTERED COMPANY NUMBER: 00754694 (England and Wales)
REGISTERED CHARITY NUMBER: 238168

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 FOR

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

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FOR THE YEAR ENDED 31 MARCH 2022

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES	B R Bunn F Fay - Treasurer Mrs R Johnson - Chairman Mrs J Stephens C Jennison A Wood D M Hastings W G Holland
COMPANY SECRETARY	Mrs J Stephens
REGISTERED OFFICE	44 Westfield Drive Loughborough Leicestershire LE11 3QL
REGISTERED COMPANY NUMBER	00754694 (England and Wales)
REGISTERED CHARITY NUMBER	238168
SENIOR STATUTORY AUDITOR	Niall Kingsley ACA
AUDITORS	Duncan & Toplis Limited, Statutory Auditor 3 Princes Court Royal Way Loughborough Leicestershire LE11 5XR
SOLICITORS	Moss Solicitors 80-81 Woodgate Loughborough Leicestershire LE11 2XE
BANKERS	National Westminster Bank plc Market Place Loughborough Leicestershire LE11 3NZ

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

The board of the trustees (who are also the directors of the Society for the purpose of company law) present their report, which incorporates the strategic report, and the financial statements for the year ended 31st March 2022.

STRATEGIC REPORT
Achievement and performance
Principal activities
The Society's principal activity for the year under review has been that of providing care for elderly residents with dementia.

The residents with dementia are accommodated in Westfield House which is registered for dementia care.

The Board employs an Activities Coordinator and provides a budget for activities. The Board regards this as an important aspect of the care that it provides because it wishes to provide an enjoyable and stimulating environment for the residents. Similarly great care is taken to ensure that residents at Westfield House receive food and drink which is in accord with their dietary requirements.

Westfield House has received high approval ratings from both the residents and their families. Additionally CQC has rated the Society as "Good", the Society has achieved Abbeyfield's "Core Standard" and the Local Authority has awarded the Society its "Gold" standard which incorporates the "Dignity" award. In order to maintain the high levels of care the Society's employees receive regular training for which there is a budget allocation and the buildings are maintained to a high standard.

Financial review
Review of the business
The Trustees can report an operating deficit for the year of £153,245 compared to an operating deficit of £45,576 for the previous year. The Society also generated total comprehensive income of £294,627 after investment income and changes in the value of investments. Last year, total comprehensive income of £48,785 was generated. An operating deficit arose due to the closure and demolition of Ingleside, the decision taken by the trustees to increase wages incrementally towards paying employees a "Real Living Wage" and the decision to close May Mills House. We also had a higher level of voids at Westfield House, than that with which we usually operate. This was entirely COVID related.

The reserves of the Society remain in a strong position with £3,934,688 in reserves, of which £1,080,407 is available in cash as indicated on the Statement of Cash Flows.

In order to fulfil its objective, the Society needs a number of properties. Although these properties are unrestricted assets they cannot be realised without undermining the Society's work. The board of Trustees therefore consider it appropriate to reflect the net investment in properties, after allowing for the deferred capital grant, of £3,996,526 by means of a designated fund.

Housing property repair and maintenance expenditure is charged to the Income and Expenditure account in the period in which it is incurred. As part of the reserves of the Society there exists a designated reserve for future significant expenditure of this nature. The Board of Trustees considers it prudent to allocate funds in this way so that such costs do not threaten the Society's free reserves position. The level of the reserve is calculated as a reasonable estimate of the level of expenditure which may arise and at 31 March 2022 was £100,000.

A capital expenditure reserve has been created to fund future expenditure on fixtures, fittings and equipment. The amount set aside at the year end is £30,000 and is based on the Society's obligations to replace assets of this type as they wear out.

A designated general charitable reserve represents the accumulated charitable donations received by the Society unexpended at the financial reporting date. There are no restrictions on the allocation of those receipts and at the year end the balance was £68,066.

After taking account of the designated funds described above the unrestricted funds at 31 March 2022 are negative £259,904. This allows the Society to continue with its objectives of enhancing the quality of care received by the residents.

Given the straight forward nature of the business, the Society's Trustees are of the opinion that analysis using KPIs is not necessary for understanding of the development, performance or position of the business.

The Abbeyfield Loughborough Society is committed to providing affordable, caring and sustainable solutions for older people through a range of high quality services. Our strength lies in professionally catering for the needs, wants and aspirations of our residents with dignity and compassion in a warm friendly family environment.

STRATEGIC REPORT

Review of the business (continued)
Demand from an aging population for accommodation offered is likely to be steady given our reputation for total quality care at competitive prices, and reflected in our low void levels and our positive inspection and assessment reports from CQC (Good), Abbeyfield's own Core standards award and the local authority (Gold QAF award). However, in the medium/longer term there is likely to be increased competition in the area of dementia care.

Budgetary considerations will form part of the above and will be reflected in our annual business plans. We are able to demonstrate sound finances with adequate cash reserves of over £1,000,000 to ensure long term viability. We also have an effective committee and management structure to support and inform business decisions. Inevitably some of these reserves will have to be used to finance the new facility on the Ingleside site and it will be necessary to borrow a considerable amount of money to carry out this project. We secured a loan of £3million from Charity Bank and with this assurance we were able to agree the demolition of the old Ingleside building in February 2021 and commence the new building in March 2021.

We are fortunate to have dedicated and committed staff who undergo on-going and extensive training and development programmes to provide a wide range of skills. The budget includes a substantial amount to support this training. However, recruitment and retention of good quality staff has become a serious issue for many in the care businesses and Westfield House is no exception. This accounts for the high cost of agency labour which is, however, off-set by a reduced wages bill.

It is the Society's policy to pay our all our staff the "Real Living Wage," as a minimum. This reflects the Board's view that caring for elderly residents with dementia is a skilled job and that all who work at Abbeyfield contribute to the high quality of care provided at Westfield House. The Society will need to be mindful of the impact this will have on our fees, and consequently the ability of potential residents to fund their own care in the future, or to access appropriate financial support from the County Council.

Although there is an element of uncertainty with the longer-term future direction of care given concerns with funding reductions, declining assets held by residents and their families and the progress of medical science, we remain confident that there will be an on-going demand for care of the elderly and particularly for care of people with dementia.

Public benefit
The Society is run by a Board of Trustees comprised entirely of volunteers. It also relies on volunteers, who are recruited locally, throughout the Society to assist with fundraising, activities and events.

The Society currently budgets for £24,000 of unrecoverable residents' fees per annum and is very sympathetic to residents who become unable to pay their fees due to a change in their circumstances.

The fees are currently maintained at a level that is considered to be affordable to all and is competitive in the current market.

The Board of Trustees has paid due regard to guidance issued by the Charity Commission in deciding which activities it should undertake.

Investment policy and objectives
Ad-hoc meetings and phone conversations take place with Barclays Wealth and they have assessed Abbeyfield's risk profile as being at the low end of medium. The basic mix of the portfolio is 67% stock market and 33% bank deposits. The Board is satisfied with the performance of its investments.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

STRATEGIC REPORT

Reserves policy
It is proposed that the retained surplus of £294,627 is transferred to reserves.

The level of reserves remains high in order for the Society to guarantee the level of care they can provide to residents in the future. Additionally, the reserves have been at a high level for a number of years in anticipation of a new build project which will see the Society increase its capacity and derive some economies of scale. All of these reserves have been spent on the new building, Ingleside, which should be open by the end of October 2022. The Society will continue to maintain a sufficient level of reserves even when the new-build project is underway.

As detailed in the report the Board of Trustees is aware of the changing needs of the people in society and recognises that these changes may require additional funding.

Principal risks and uncertainties
The Board of Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Society, and are satisfied that systems are in place to mitigate our exposure to the major risks. However, COVID-19 presents a significant and unpredictable risk.

One of the main risks to the Society relates to the regulatory environment. Failure to meet regulatory requirements would impact both the operations and reputation of the Society. This risk is mitigated through the constant monitoring of regulatory requirements by management.

We take advice from Barclays Wealth in relation to our investments and the Board, advised by the Treasurer, has savings in recognised financial institutions all covered by the Financial Services Compensation Scheme (as per its Savings and Investment Policy).

Market value of land and buildings
The Board of Trustees is of the opinion that the market value for the existing use of the land and buildings (excluding Ingleside House currently in development) is £4,177,880 (2021: £5,383,611). This is based upon insurance valuations and has not been incorporated in the financial statements.

Future developments
The objectives of the Society are to continue to provide a high level of care and support both in the care home (Westfield House) and, eventually, in the new care home, Ingleside on Ashby Road.

Westfield House continues to develop its provision for the care of those diagnosed with dementia, ensuring that new methods and information through research are considered and implemented to ensure the best possible care for our Residents. It is anticipated that dementia care will remain a key priority.

Demand from an ageing population for accommodation offered is likely to be steady given our reputation for total quality care at competitive prices thus our desire to increase the number of beds that we can offer in this area.

STRATEGIC REPORT

Future developments (continued)

COVID-19

Throughout the pandemic the management and staff followed all the regulations and advice coming from the relevant authorities. Vaccinations were available to all residents and staff, though three staff refused to be vaccinated and so, following Government guidelines, these three staff were dismissed. Visiting was restricted and hygiene and mask wearing rules were strictly enforced. As a consequence, we had no COVID-19 infections during the height of the pandemic. Unfortunately, once the high-point of the pandemic seemed to have passed we had an outbreak of COVID-19 in August 2021 and 8 residents died. This was distressing for the relatives and the staff and had a significant impact on the business because of the voids that this event created. The Society benefitted from some financial support from the Government but, nevertheless, it was a difficult financial year for the Society.

Value for money

Our definition of value for money is: we aim to deliver our social objectives in the most cost-effective way possible by: Providing quality sheltered housing and providing the best service possible.

For us therefore, achieving value for money is about making the biggest difference that we can with limited resources available.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status

The Society is a company, registered in England and Wales limited by guarantee (Number 754694), having no share capital and with solely charitable purposes. It is also a registered charity (Number 238168) and with the Homes and Communities Agency as a housing association (Number H0595).

Members of the Board of Trustees

In accordance with the Articles of Association the members of the Board of Trustees as below, are members of the Society.

B R Bunn
D Hastings (appointed 26.10.2021)
D C Hogg (resigned 02.11.2021)
F Fay - Vice Chairman and Hon. Treasurer
W G Holland (appointed 28.06.2022)
C Jennison
R Johnson - Chairman
R J Pearson (resigned 27.04.2021)
J Stephens - Hon. Secretary
A Wood

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The Board of Trustees is typically comprised of between eight and twelve individuals with a cross section of management skills. Potential trustees are initially approached by existing board members and invited to attend two board meetings to gain an understanding of the operations of the Society. They are also shown around the Society's houses to see how they operate.

Following this process an invitation to join the board is made. The training needs of new board members are assessed based on their existing skills and experience and the need for future training is kept under constant review.

We are regularly looking to recruit other trustees, but we currently have eight trustees appointed which is sufficient to our requirements.

Organisational structure and governance

The Society has a clear functional organisational structure with each house benefiting from professional care and catering staff. There is also a well-defined administration function within the Society and an active board of trustees who oversee all decision making.

Day-to-day management of the Society is delegated by the Board to the General Manager (Mrs Julie King during the 2021-22 year). The General Manager's salary is reviewed annually by the Chairman, discussed at the Staff-sub Committee and a recommendation is made to the full Board. The salary of the Care Manager is reviewed by the General Manager and then follows the same procedure as that outlined for the General Manager. In both cases due attention is given to the local recruitment situation in determining the salaries. The remuneration of all other employees is reviewed annually by the Finance Committee.

Corporate governance

The Society has adopted a Code of Conduct for Board members. This code reflects the seven principles of public life as adopted by the Nolan Committee. This is compliant with the National Housing Federations Excellence in Governance code in all areas with the exception of only one relating to the adoption of a Membership Policy with defined terms of office for all Board members. This is considered to be potentially detrimental to the organisation's well-being in terms of CQC inspections, the Society's current development programme, and the challenges the care sector is experiencing.

The Board has conducted an annual review of the effectiveness of the systems of internal control. No instances have been identified of internal control weaknesses resulting in material misstatement or loss.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Abbeyfield Loughborough Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2019. 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 25/10/22 and signed on the board's behalf by:

.....
Mrs R Johnson - Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield Loughborough Society Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, 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 (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 2022 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 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.

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 Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Trustees.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Directors and other management obtained as part of the work required by auditing standards. We have also discussed with the Directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as depreciation of tangible fixed assets as well as the risk of inappropriate journal entries to manipulate reported profitability. Audit procedures performed by the engagement team included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on accounting estimates, including reviewing the methods and data used by management to make those estimates such as residual values and expected asset replacement cycles, reperforming the calculation, reviewing the outcome of prior year estimates, and reviewing the outcome of current year estimates since the financial reporting date.

Our responsibilities for the audit of the financial statements (continued)

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: The Landlord and Tenant Act, Health and Social Care Act, Food Safety regulations, COVID-19 infection control and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection. This included a review of inspection reports for any evidence of non-compliance, in addition to a review of statutory meeting minutes and solicitor correspondence. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan & Toplis Limited

Niall Kingsley ACA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Date: 15/11/2022

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	1,249,884	1,438,773
Cost of sales		(1,148,505)	(1,215,632)
Gross surplus		101,379	223,141
Administrative expenses		(347,743)	(311,562)
Other operating income	5	93,119	42,845
Operating surplus/(deficit)		(153,245)	(45,576)
Profit/(loss) on disposal of fixed assets	6	332,982	(196,191)
Investment income	4	32,230	35,376
Other income		12,146	37,262
Movement in fair value of financial instruments	7	70,514	217,914
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		294,627	48,785

CONTINUING OPERATIONS
All income and expenditure has arisen from continuing activities.

The Statement of Comprehensive Income was approved by the board on 25/10/22

F Fay - Trustee

Mrs R Johnson – Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2022

	Income and expenditure reserve	Total
	£	£
At 1 April 2021	**3,640,061**	**3,640,061**
Surplus for financial year	294,627	294,627
Total comprehensive income	294,627	294,627
At 31 March 2022	**3,934,688**	**3,934,688**

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED (REGISTERED NUMBER: 00754694)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	4,657,576	2,545,727
Investments	12	1,268,356	1,201,431
		5,925,932	3,747,158
CURRENT ASSETS			
Debtors	13	30,933	22,259
Cash at bank and in hand		1,077,551	680,562
		1,108,484	702,821
CREDITORS			
Amounts falling due within one year	14	(643,571)	(171,774)
NET CURRENT ASSETS		464,913	531,047
TOTAL ASSETS LESS CURRENT LIABILITIES		6,390,845	4,278,205
CREDITORS			
Amounts falling due after more than one year	15	(2,456,157)	(638,144)
NET ASSETS		3,934,688	3,640,061
CAPITAL AND RESERVES			
Income and expenditure reserve	26	3,934,688	3,640,061
		3,934,688	3,640,061

The financial statements were approved by the Board of Trustees and authorised for issue on 25/10/22 and were signed on its behalf by:

F Fay - Trustee

R Johnson - Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	336,811	50,386
Net cash provided by operating activities		336,811	50,386
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,538,378)	(234,061)
Sale of tangible fixed assets		705,572	-
Sale of fixed asset investments		4,191	3,116
Interest received and similar income		44,196	72,295
Net cash (used in)/provided by investing activities		(1,784,419)	(158,650)
Cash flows from financing activities			
New loans in year		1,865,635	-
Interest paid		(20,616)	-
Net cash provided by financing activities		1,845,019	-
Change in cash and cash equivalents in the reporting period		397,411	(108,264)
Cash and cash equivalents at the beginning of the reporting period	2	682,996	791,260
Cash and cash equivalents at the end of the reporting period	2	1,080,407	682,996

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Operating surplus/(deficit) for the year	(153,245)	(45,576)
Adjustments for:		
Depreciation charges	53,939	61,898
Interest paid	20,616	-
Movement on deferred capital grant	(47,622)	(9,254)
(Increase)/decrease in debtors	(8,674)	14,981
Increase in creditors	471,797	28,337
Net cash provided by operations	336,811	50,386

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash in hand	1,177	3,730
Notice deposits (less than 3 months)	1,076,374	676,832
Cash deposit on Fixed Asset Investment	2,856	2,434
Total cash and cash equivalents	1,080,407	682,996

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash			
Cash at bank and in hand	680,562	396,989	1,077,551
	680,562	396,989	1,077,551
Debt			
Debts falling due after 1 year	-	(1,865,635)	(1,865,635)
	-	(1,865,635)	(1,865,635)
Total	680,562	(1,468,646)	(788,084)

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

The society is a company limited by guarantee, incorporated in England and Wales (Number 754694), having no share capital and with solely charitable purposes. It is also registered as a charity (Number 238168) and with the Housing Corporation as a housing association (Number HO595). The company is governed by the Landlord and Tenant Act 1985.

The registered office is 44 Westfield Drive, Loughborough, Leicestershire, LE11 3QL.

The financial statements are prepared in Sterling which is the functional currency of the society and rounded to the nearest £.

The financial statements cover the individual entity.

The society constitutes a public benefit entity as defined by FRS 102.

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

Turnover
Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and Homes England and the Regulator of Social Housing.

Tangible fixed assets and depreciation
Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets except freehold land which is not depreciated on account of its indefinite useful economic life, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Assets and their components are depreciated over their useful lives on the following basis:

Description	Estimated useful life
Land & Buildings:	
Structure	100
Kitchen	30
Bathroom	30
White goods	10
Roofs	50
Lifts	15
Fixtures, fittings & equipment	7

continued...

2. ACCOUNTING POLICIES - continued

Tangible fixed assets and depreciation
Housing properties under construction are not depreciated until they are in use.

Corporation tax and VAT
The society has charitable status and is exempt from Corporation Tax on the income it has received. The society is not registered for VAT. Accordingly no VAT is charged to residents and the expenditure in the statement of comprehensive income includes the relevant VAT.

Pension costs and other post-retirement benefits
The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Social housing grant
Where Social Housing Grants (SHG), are received in respect of developments these grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Monetary Donations
Monetary donations to the society are credited in the financial statements on a receipts basis.

Debtors and creditors receivable / payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Provisions
Provisions are recognised when the society has an obligation at the financial reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the financial reporting date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund
Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by Homes England and the Regulator of Social Housing and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with Homes England and the Regulator of Social Housing. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

Investments
Fixed asset investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably.

Loans, borrowings and short term deposits
These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that the basic financial instruments are subsequently measured at amortised costs, however the society has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and borrowings that are repayable or receivable within one year are not discounted.

continued...

2. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for a period of at least 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Society to be able to continue as a going concern. As noted in the Report of the Trustees, the trustees have paid due regard to the COVID-19 pandemic, the ongoing development of Ingleside House and its associated loan financing costs and its subsequent impact on cash flows while considering the going concern of the Society.

Judgements and key sources of estimation uncertainty

On transition to FRS102 the historical information to break down housing property assets into components was not available without undue cost or effort, and therefore has been included as structure within land and buildings and consequently depreciated over 100 years.

Housing property assets will in future be broken down into components based on management's assessment of the properties and useful economic lives will be assigned to these components.

3. TURNOVER

	2022 £	2021 £
Rents received	1,532,056	1,554,678
Void losses	(274,038)	(125,159)
Amortised government grants	9,254	9,254
Reversal of amortised government grants due to repayment required	(17,388)	-
Net income from residential charges	1,249,884	1,438,773

The society disposed of one of their housing properties during the year. This resulted in historic grants from Homes England relating to the disposed housing property becoming repayable.

4. INVESTMENT INCOME

	2022 £	2021 £
Income from listed investments	31,913	31,802
Profit on disposal of listed investments	180	343
Bank interest	137	3,231
	32,230	35,376

continued...

5. OTHER OPERATING INCOME

	2022	2021
	£	£
Grants	93,119	42,845

Other operating income relates to income received from the local council in relation to Infection Control, Rapid Testing and Workforce Capacity. Income is recognised on a systematic basis over the period in which the related costs for which the grant is intended to compensate are recognised.

6. DISPOSALS OF HOUSING PROPERTIES HELD AS TANGIBLE FIXED ASSETS

	2022	2021
	£	£
Proceeds from the disposal of housing properties	705,572	-
Carrying value of housing properties	(372,590)	(196,191)
Profit/(loss) on disposal of fixed assets	332,982	(196,191)

The society disposed of their housing property on Forest Road in March 2022, generating a profit on disposal of £332,982.

The disposal of housing properties in the prior year relates to the demolition of the original Ingleside property as part of the modernisation and extension of Ingleside.

7. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Movement in fair value of Fixed Asset investments	70,514	217,914

8. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Surplus/(deficit) is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	53,939	61,898
(Profit)/loss on disposal of fixed assets	(332,982)	196,191
Auditor's remuneration for audit	9,120	8,280
Grants released to income	(9,254)	(9,254)

9. TRUSTEES' REMUNERATION AND BENEFITS

Key management personnel neither received or waived any remuneration during the year (2021: nil).

No remuneration was received by non-executive board members (2021: nil).

Trustees' expenses

There were £14 trustees' expenses paid for the year ended 31st March 2022 (2021: £nil).

continued...

10. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	982,290	988,160
Social security costs	52,518	50,681
Other pension costs	16,569	17,174
	1,051,377	1,056,015

The average monthly number of employees during the year was as follows:

	2022	2021
Administration	4	5
Care staff	48	54
	52	59

No employees received emoluments in excess of £60,000.

11. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings	Totals
	£	£	£	£
COST				
At 1 April 2021	3,058,421	8,124	378,334	3,444,879
Additions	2,523,654	-	14,724	2,538,378
Disposals	(506,136)	-	(40,138)	(546,274)
At 31 March 2022	5,075,939	8,124	352,920	5,436,983
DEPRECIATION				
At 1 April 2021	603,921	3,569	291,662	899,152
Charge for year	26,848	163	26,928	53,939
Eliminated on disposal	(137,486)	-	(36,198)	(173,684)
At 31 March 2022	493,283	3,732	282,392	779,407
NET BOOK VALUE				
At 31 March 2022	4,582,656	4,392	70,528	4,657,576
At 31 March 2021	2,454,500	4,555	86,672	2,545,727

All freehold properties held for letting, other than Ingleside, are completed properties. Ingleside is currently under construction.

continued...

12. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 April 2021	1,198,997	2,434	1,201,431
Disposals	(4,011)	-	(4,011)
Revaluations	70,514	-	70,514
Cash movement	-	422	422
At 31 March 2022	1,265,500	2,856	1,268,356
NET BOOK VALUE			
At 31 March 2022	1,265,500	2,856	1,268,356
At 31 March 2021	1,198,997	2,434	1,201,431

The historical cost of these investments is £956,862 (2021: £960,062).

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

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Residential charges due and unpaid	11,495	4,211
Other debtors	2,118	1,369
Prepayments	17,320	16,679
	30,933	22,259

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	469,384	41,521
Payments received on account	8,597	21,915
Social security and other taxes	-	12,578
Other creditors	65,079	7,533
Accruals and deferred income	100,511	88,227
	643,571	171,774

The average number of days between receipt and payment of purchase invoices is 50 (2021: 22) days.

Government grant income of £26,898 (2021: £40,131) is included within accruals and deferred income.

continued...

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 16)	1,865,635	-
Deferred capital grants	590,522	638,144
	2,456,157	638,144

16. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling between one and two years:		
Bank loans - 1-2 years	58,383	-
Amounts falling due between two and five years:		
Bank loans - 2-5 years	210,247	-
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instalments	1,597,005	-

The society has one bank loan outstanding at the year-end.

The society is only required to repay the loan by monthly instalments of interest only for the first 24 months following the first utilisation of the loan. The interest rate is set at 3.75% above the bank base rate during this 24 month period.

After 24 months, the society will be required to repay the capital and interest on the loan by monthly instalments up until the final repayment date. From this period onwards, the interest rate will be set at 2.65% above the bank base rate.

17. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank loans	1,865,635	-

A fixed and floating charge dated 16 March 2021 is held over 190 Ashby Road and 44 Westfield Drive to secure the borrowings from the society bankers.

continued...

18. PENSION COMMITMENTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions payable by the society amounted to £16,569 (2021: £17,174).

19. CAPITAL COMMITMENTS

	2022	2021
	£	£
Contracted but not provided for in the financial statements	1,089,664	3,378,549

20. OTHER FINANCIAL COMMITMENTS

The company has the following commitments due as follows:

	2022	2021
	£	£
Due in less than one year	8,681	6,731
Due between two and five years	23,307	21,658
Due in more than five years	-	2,707
	31,988	31,096

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2022.

continued...

22. FINANCIAL INSTRUMENTS

The carrying amounts of The Abbeyfield Loughborough Society Limited's financial instruments are as follows:

	2022	2021
	£	£
Financial assets		
Measured at fair value through the statement of comprehensive income:		
- Fixed asset investments (note 12)	1,265,500	1,198,997
Debt instruments measured at amortised cost:		
- Trade debtors and other debtors (note 13)	13,613	5,580
	1,279,113	1,204,577
Financial liabilities		
Measured at amortised cost:		
- Trade creditors and other creditors (note 14)	(534,463)	(49,054)
- Bank loans (note 16)	(1,865,635)	-
	(2,400,098)	(49,054)

Income and expense

	2022	2021
	£	£
Financial assets measured at fair value through comprehensive income	70,514	217,914

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £Nil (2021: £Nil) and £20,616 (2021: £Nil) respectively.

23. SOCIAL HOUSING GRANT

The society has received Social Housing grants, which were used to fund the acquisition and development of housing properties and their components. The society has a future obligation to recycle such grants once the properties are disposed of. At 31st March 2022, the value of grants received in respect of these properties that had not been disposed of was £858,142 (2021: £913,898).

The amount of recycled capital grant at 31st March 2022 is £36,673 (2021: £56,381).

24. ACCOMMODATION IN MANAGEMENT

At the year-end, the society owned one housing unit for older people. In addition to the one housing unit, the society own another housing unit, which was closed to undergo a period of development.

The number of rooms under management was 31 (2021: 44).

25. CONTROL

The society is controlled by the Board.

continued...

26. RESERVES

	Balance at 1 April 2021 £	Income £	Expenditure £	Balance at 31 March 2022 £
Unrestricted funds	1,627,825	(411,611)	1,476,118	(259,904)
Designated funds				
Capital expenditure reserve	30,000	14,724	14,724	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	61,326	12,146	5,406	68,066
Property fixed asset reserve	1,820,910	2,175,616	-	3,996,526
	3,640,061	1,790,875	1,496,248	3,934,688

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
Unrestricted funds	1,593,036	1,703,179	1,668,390	1,627,825
Designated funds				
Capital expenditure reserve	30,000	30,971	30,971	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	33,882	38,020	10,576	61,326
Property fixed asset reserve	1,834,358	-	13,448	1,820,910
	3,591,276	1,772,170	1,723,385	3,640,061

Unrestricted funds relate to an income and expenditure reserve, representing cumulative surplus and deficits net of other adjustments for the below funds.

Designated funds are those unrestricted funds which have been set aside by the trustees for a specific purpose. The designated funds of the Society are noted below.

The capital expenditure reserve was set up to fund future expenditure on fixtures, fittings and equipment.

The housing property repair reserve was set up to ensure that funds are available for housing property repair and maintenance, without impacting the society's free reserves position.

The general charitable reserve represents the accumulated charitable donations received by the society unexpended at the year-end.

The property fixed asset reserve was set up to reflect the net investment in properties, after allowing for the deferred capital grant.

continued...

27. EVENTS AFTER THE REPORTING DATE

Following the year-end, the development of Ingleside House continued and is expected to open in Autumn 2022. The society utilised a further £734,142 of its bank loan facility and disposed of £400,000 listed investments after the year-end to finance the ongoing Ingleside House development.

Westfield House (Care) Ltd

England & Wales - Charity number 238168

Accounts

REGISTERED COMPANY NUMBER: 00754694 (England and Wales)
REGISTERED CHARITY NUMBER: 238168

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

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

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FOR THE YEAR ENDED 31 MARCH 2021

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2021

TRUSTEES	B R Bunn F Fay - Treasurer D C Hogg Mrs R Johnson - Chairman Mrs J Stephens C Jennison A Wood
SECRETARY	D C Hogg
REGISTERED OFFICE	44 Westfield Drive Loughborough Leicestershire LE11 3QL
REGISTERED COMPANY NUMBER	00754694 (England and Wales)
REGISTERED CHARITY NUMBER	238168
SENIOR STATUTORY AUDITOR	Niall Kingsley ACA
AUDITORS	Duncan & Toplis Limited, Statutory Auditor 3 Princes Court Royal Way Loughborough Leicestershire LE11 5XR
SOLICITORS	Moss Solicitors 80-81 Woodgate Loughborough Leicestershire LE11 2XE
BANKERS	National Westminster Bank plc Market Place Loughborough Leicestershire LE11 3NZ

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

The board of the trustees (who are also the directors of the Society for the purpose of company law) present their report, which incorporates the strategic report, and the financial statements for the year ended 31 March 2021.

STRATEGIC REPORT

Achievement and performance

Principal activities

The Society's principal activity for the year under review has been that of providing very sheltered and residential accommodation for the frail elderly and elderly residents with dementia.

The frail elderly are accommodated in one "very sheltered house" (May Mills House) and those with dementia in a house (Westfield Drive) which is registered for dementia care.

The Board employs an Activities Coordinator and provides a budget for activities. The Board regards this as an important aspect of the care that it provides because it wishes to provide an enjoyable and stimulating environment for the residents. Similarly great care is taken to ensure that residents, particularly at Westfield Drive, receive food and drink which is in accord with their dietary requirements.

All the houses receive high approval ratings from both the residents and their families. Additionally CQC has rated the Society as "Good", the Society has achieved Abbeyfield's "Core Standard" and the Local Authority has awarded the Society its "Gold" standard which incorporates the "Dignity" award. In order to maintain the high levels of care the Society's employees receive regular training for which there is a budget allocation and the buildings are maintained to a high standard.

Financial review

Review of the business

The Trustees can report an operating deficit for the year of £241,767 compared to a deficit of £55,692 for the previous year. The Society also generated total comprehensive income of £48,785 after investment income and changes in the value of investments. Last year, a total comprehensive loss of £158,743 was generated. An operating deficit arose due to the closure and demolition of Ingleside and the decision taken by the trustees to increase wages incrementally towards paying employees a "Real Living Wage."

The reserves of the Society remain in a strong position with £3,640,061 in reserves, of which £682,996 is available in cash as indicated on the Statement of Cash Flows.

In order to fulfil its objective, the Society needs a number of properties. Although these properties are unrestricted assets they cannot be realised without undermining the Society's work. The board of Trustees therefore consider it appropriate to reflect the net investment in properties, after allowing for the deferred capital grant, of £1,820,910 by means of a designated fund.

Housing property repair and maintenance expenditure is charged to the Income and Expenditure account in the period in which it is incurred. As part of the reserves of the Society there exists a designated reserve for future significant expenditure of this nature. The Board of Trustees considers it prudent to allocate funds in this way so that such costs do not threaten the Society's free reserves position. The level of the reserve is calculated as a reasonable estimate of the level of expenditure which may arise and at 31 March 2021 was £100,000.

A capital expenditure reserve has been created to fund future expenditure on fixtures, fittings and equipment. The amount set aside at the year end is £30,000 and is based on the Society's obligations to replace assets of this type as they wear out.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT

Review of the business (continued)
A designated general charitable reserve represents the accumulated charitable donations received by the Society unexpended at the financial reporting date. There are no restrictions on the allocation of those receipts and at the year end the balance was £61,326.

After taking account of the designated funds described above the unrestricted funds at 31 March 2021 are £1,627,825. This allows the Society to continue with its objectives of enhancing the quality of care received by the residents.

Given the straight forward nature of the business, the Society's Trustees are of the opinion that analysis using KPIs is not necessary for understanding of the development, performance or position of the business.

The Abbeyfield Loughborough Society is committed to providing affordable, caring and sustainable solutions for older people through a range of high quality services. Our strength lies in professionally catering for the needs, wants and aspirations of our residents with dignity and compassion in a warm friendly family environment.

Demand from an aging population for accommodation offered is likely to be steady given our reputation for total quality care at competitive prices, and reflected in our low void levels and our positive inspection and assessment reports from CQC (Good), Abbeyfield's own Core standards award and the local authority (Gold QAF award). However, in the medium/longer term there is likely to be increased competition in the area of sheltered housing and dementia care.

We commissioned architects to draw up plans for the modernisation and extension of Ingleside. The plans received planning approval in May 2017. After further discussion it became evident that modernising and extending Ingleside would not be cost effective. Consequently, we discussed with the architects the possibility of demolishing Ingleside and building a new 33-bedroom facility aimed at the dementia care market. The architects confirmed that this was possible, and we instructed them to draw up plans. Ingleside closed as a sheltered house in November 2018 and we received planning permission for the new house in December 2019.

Budgetary considerations will form part of the above and will be reflected in our annual business plans. We are able to demonstrate sound finances with adequate reserves of over £1,000,000 to ensure long term viability. We also have an effective committee and management structure to support and inform business decisions. Inevitably some of these reserves will have to be used to finance the new facility on the Ingleside site and it will be necessary to borrow a considerable amount of money to carry out this project. We have been in negotiations with Charity Bank about a loan in the region of £3million. In the event Charity Bank did agree a loan of £3million and with this assurance we were able to agree the demolition of the old Ingleside building in February 2021 and commence the new building in March 2021.

We are fortunate to have dedicated and committed staff who undergo on-going and extensive training and development programmes to provide a wide range of skills. The budget includes a substantial amount to support this training. However, recruitment and retention of good quality staff has become a serious issue for many in the care businesses and Westfield House is no exception. This accounts for the high cost of agency labour which is, however, off-set by a reduced wages bill.

It is the Society's policy to pay our all our staff the "Real Living Wage," as a minimum. This reflects the Board's view that caring for elderly residents with dementia is a skilled job and that all who work at Abbeyfield contribute to the high quality of care provided at Westfield House. The Society will need to be mindful of the impact this will have on our fees, and consequently the ability of potential residents to fund their own care in the future, or to access appropriate financial support from the County Council.

Although there is an element of uncertainty with the longer-term future direction of care given concerns with funding reductions, declining assets held by residents and their families and the progress of medical science, we remain confident that there will be an on-going demand for care of the elderly and particularly for care of people with dementia.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT

Public benefit
The Society is run by a Board of Trustees comprised entirely of volunteers. It also relies on volunteers, who are recruited locally, throughout the Society to assist with fundraising, activities and events.

The Society currently budgets for £24,000 of unrecoverable residents' fees per annum and is very sympathetic to residents who become unable to pay their fees due to a change in their circumstances.

The fees are currently maintained at a level that is considered to be affordable to all and is competitive in the current market.

The Board of Trustees has paid due regard to guidance issued by the Charity Commission in deciding which activities it should undertake.

Investment policy and objectives
Ad-hoc meetings and phone conversations take place with Barclays Wealth and they have assessed Abbeyfield's risk profile as being at the low end of medium. The basic mix of the portfolio is 67% stock market and 33% bank deposits. The Board is satisfied with the performance of its investments.

Reserves policy
It is proposed that the retained surplus of £48,785 is transferred to reserves.

The level of reserves remains high in order for the Society to guarantee the level of care they can provide to residents in the future. Additionally, the reserves have been at a high level for a number of years in anticipation of a new build project which will see the Society increase its capacity and derive some economies of scale. It is hoped that this project will come to fruition in the Spring/Summer of 2022. The Society will continue to maintain a sufficient level of reserves even when the new-build project is underway.

As detailed in the report the Board of Trustees is aware of the changing needs of the people in society and recognises that these changes may require additional funding.

Principal risks and uncertainties
The Board of Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Society, and are satisfied that systems are in place to mitigate our exposure to the major risks.

One of the main risks to the Society relates to the regulatory environment. Failure to meet regulatory requirements would impact both the operations and reputation of the Society. This risk is mitigated through the constant monitoring of regulatory requirements by management.

We take advice from Barclays Wealth in relation to our investments and the Board, advised by the Treasurer, has savings in recognised financial institutions all covered by the Financial Services Compensation Scheme (as per its Savings and Investment Policy).

Market value of land and buildings
The Board of Trustees is of the opinion that the market value for the existing use of the land and buildings is £6,798,129 (2020: £6,739,811). This is based upon insurance valuations and has not been incorporated in the financial statements.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC REPORT

Future developments

The objectives of the Society are to continue to provide a high level of care and support both in the care home (Westfield House) and the sheltered house (May Mills House). However, the high maintenance cost of May Mills house has been causing the Trustees some concern and these costs will be kept under close and constant review.

The Board of Trustees are aware of the changing needs of people in society and in particular the increasing prevalence of dementia and the problems associated with it. At the same time the Board is monitoring the demand for sheltered accommodation which has been reducing over recent years. With this in mind plus the high cost of maintenance a decision has been taken by the Board to cease to offer the sheltered accommodation at May Mills house and to sell May Mills house and put the proceeds of this sale towards the new building at Ingleside. This will be achieved during the financial year 2021-22.

Westfield House continues to develop its provision for the care of those diagnosed with dementia, ensuring that new methods and information through research are considered and implemented to ensure the best possible care for our Residents. It is anticipated that dementia care will remain a key priority.

Demand from an ageing population for accommodation offered is likely to be steady given our reputation for total quality care at competitive prices thus our desire to increase the number of beds that we can offer in this area.

COVID-19

The Corona Virus pandemic which spread to the UK in late January 2020 has had an impact on the Society. Both houses went into lockdown on 10 March 2020, nearly two weeks ahead of the government's official lockdown on 23 March 2020. Residents' relatives were, sadly, prevented from visiting from 12 March 2020. As a consequence of this management decision neither house has, to date, experienced any Covid-19 related deaths. Furthermore, as a result of the introduction of scrupulous hygiene requirements, no staff have been infected. Initially there were problems securing sufficient Personal Protective Equipment, but these problems have now been resolved and testing kits arrived the week commencing 11 June 2020. There has been an increase in the number of voids at both houses and in seeking to fill these voids, management are following the guidelines issued by PHE, Abbeyfield and CQC. There was also a delay in getting some repairs to the plumbing system at May Mills House, but these have now been completed. Finally, it has been difficult to get firms to quote for necessary work e.g., the "Nurse Call System." In these circumstances, therefore, it not always possible to get the "best value" three quotes for work which must be completed as a matter of urgency. Both houses and the staff therein complied with all Government requirements throughout the pandemic. Westfield house has received substantial financial assistance from the Government to cover the extra demands placed on it by COVID 19 requirements. I am pleased to be able to state that there were no COVID-related deaths at either of the two houses. This is due, in no small part, to the conscientiousness of the staff and the good management of both houses. The Society received substantial financial support during the pandemic from the Local Authority to cover the increased costs of running the home during the pandemic. However, any money not spent using the appropriate criteria will be reclaimed by the Local Authority.

Value for money

Our definition of value for money is: we aim to deliver our social objectives in the most cost-effective way possible by: Providing quality sheltered housing and providing the best service possible.

For us therefore, achieving value for money is about making the biggest difference that we can with limited resources available.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status

The Society is a company, registered in England and Wales limited by guarantee (Number 754694), having no share capital and with solely charitable purposes. It is also a registered charity (Number 238168) and with the Homes and Communities Agency as a housing association (Number H0595).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members of the Board of Trustees
In accordance with the Articles of Association the members of the Board of Trustees as below, are members of the Society.

B R Bunn
D C Hogg - Hon. Secretary
F Fay - Vice Chairman and Hon. Treasurer
J Stephens
R Johnson - Chairman
R J Pearson (resigned 27.04.2021)
C Jennison
A Wood

Recruitment and appointment of new trustees
The Board of Trustees is typically comprised of between eight and twelve individuals with a cross section of management skills. Potential trustees are initially approached by existing board members and invited to attend two board meetings to gain an understanding of the operations of the Society. They are also shown around the Society's houses to see how they operate.

Following this process an invitation to join the board is made. The training needs of new board members are assessed based on their existing skills and experience and the need for future training is kept under constant review.

We are currently looking to recruit another trustee as we currently only have seven trustees appointed.

Organisational structure and governance
The Society has a clear functional organisational structure with each house benefiting from professional care and catering staff. There is also a well-defined administration function within the Society and an active board of trustees who oversee all decision making.

Day-to-day management of the Society is delegated by the Board to the General Manager (Mrs Julie King). The General Manager's salary is reviewed annually by the Chairman, discussed at the Staff-sub Committee and a recommendation is made to the full Board. The salary of the Care Manager is reviewed by the General Manager and then follows the same procedure as that outlined for the General Manager. In both cases due attention is given to the local recruitment situation in determining the salaries. The remuneration of all other employees is reviewed annually by the Finance Committee.

Corporate governance
The Society has adopted a Code of Conduct for Board members. This code reflects the seven principles of public life as adopted by the Nolan Committee. This is compliant with the National Housing Federations Excellence in Governance code in all areas with the exception of only one relating to the adoption of a Membership Policy with defined terms of office for all Board members. This is considered to be potentially detrimental to the organisation's well-being in terms of CQC inspections, the Society's current development programme, and the challenges the care sector is experiencing.

The Board has conducted an annual review of the effectiveness of the systems of internal control. No instances have been identified of internal control weaknesses resulting in material misstatement or loss.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Abbeyfield Loughborough Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis Limited, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ..... and signed on the board's behalf by:

.....

Mrs R Johnson - Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield Loughborough Society Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 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.

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 Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Trustees.

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with directors and other management obtained as part of the work required by auditing standards. We have also discussed with the directors and other management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit.

The potential impact of different laws and regulations varies considerably. Firstly, the company is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as depreciation of tangible fixed assets as well as the risk of inappropriate journal entries to manipulate reported profitability. Audit procedures performed by the engagement team included the identification and testing of unusual material journal entries and challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on accounting estimates, including reviewing the methods and data used by management to make those estimates such as residual values and expected asset replacement cycles, reperforming the calculation, reviewing the outcome of prior year estimates, and reviewing the outcome of current year estimates since the financial reporting date.

Secondly, the company is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: The Landlord and Tenant Act, Health and Social Care Act, Food Safety regulations, COVID-19 infection control and Employment laws.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection. This included a review of inspection reports for any evidence of non-compliance, in addition to a review of statutory meeting minutes and solicitor correspondence. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Niall Kingsley ACA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Date: .....

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	2	1,438,773	1,438,304
Cost of sales		(1,215,632)	(1,151,807)
Gross surplus		223,141	286,497
Administrative expenses		(311,562)	(342,189)
Other operating income	4	42,845	-
Loss on disposal of fixed assets	5	(196,191)	-
Operating surplus/(deficit)		(241,767)	(55,692)
Investment income	3	35,376	45,912
Other income		37,262	6,184
Movement in fair value of financial instruments	6	217,914	(155,147)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		48,785	(158,743)

CONTINUING OPERATIONS
All income and expenditure has arisen from continuing activities.

The Statement of Comprehensive Income was approved by the Board on: .....

F Fay - Trustee

Mrs R Johnson - Trustee

The notes form part of these financial statements

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Income and expenditure reserve £	Total £
At 1 April 2020	**3,591,276**	**3,591,276**
Surplus for financial year	48,785	48,785
Total comprehensive income	48,785	48,785
At 31 March 2021	**3,640,061**	**3,640,061**

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	9	2,545,727	2,569,755
Investments	10	1,201,431	986,461
		3,747,158	3,556,216
CURRENT ASSETS			
Debtors	11	22,259	37,240
Cash at bank and in hand		680,562	788,655
		702,821	825,895
CREDITORS			
Amounts falling due within one year	12	(171,774)	(143,437)
NET CURRENT ASSETS		531,047	682,458
TOTAL ASSETS LESS CURRENT LIABILITIES		4,278,205	4,238,674
CREDITORS			
Amounts falling due after more than one year	13	(638,144)	(647,398)
NET ASSETS		3,640,061	3,591,276
CAPITAL AND RESERVES	22		
Income and expenditure reserve		3,640,061	3,591,276
		3,640,061	3,591,276

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved and authorised for issue by the Board of Trustees on ..... and were signed on its behalf by:

.....
F Fay - Trustee

.....
Mrs R Johnson - Trustee

The notes form part of these financial statements

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	50,386	140,994
Net cash provided by/(used in) operating activities		50,386	140,994
Cash flows from investing activities			
Purchase of tangible fixed assets		(234,061)	(139,531)
Sale of fixed asset investments		3,116	4,469
Interest received and similar income		72,295	51,895
Net cash provided by/(used in) investing activities		(158,650)	(83,167)
Change in cash and cash equivalents in the reporting period		(108,264)	57,827
Cash and cash equivalents at the beginning of the reporting period	2	791,260	733,433
Cash and cash equivalents at the end of the reporting period	2	682,996	791,260

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Operating surplus/(deficit) for the year	(241,767)	(55,692)
Adjustments for:		
Depreciation charges	61,898	64,152
Loss on disposal of fixed assets	196,191	3,620
Movement on deferred capital grant	(9,254)	(9,254)
Decrease in debtors	14,981	108,902
Increase in creditors	28,337	29,266
Net cash provided by/(used in) operating activities	50,386	140,994

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand	3,730	1,678
Notice deposits (less than 3 months)	676,832	786,977
Cash deposit on Fixed Asset Investment	2,434	2,605
Total cash and cash equivalents	682,996	791,260

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.20 £	Cash flow £	At 31.3.21 £
Net cash			
Cash at bank and in hand	788,655	(108,093)	680,562
	788,655	(108,093)	680,562
Total	788,655	(108,093)	680,562

The notes form part of these financial statements

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

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2018, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The society is a company limited by guarantee, incorporated in England and Wales (Number 754694), having no share capital and with solely charitable purposes. It is also registered as a charity (Number 238168) and with the Housing Corporation as a housing association (Number HO595). The company is governed by the Landlord and Tenant Act 1985.

Turnover

Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency.

Tangible fixed assets and depreciation

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets except freehold land which is not depreciated on account of its indefinite useful economic life, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Assets and their components are depreciated over their useful lives on the following basis:

Description	Estimated useful life
Land & Buildings:	
Structure	100
Kitchen	30
Bathroom	30
White goods	10
Roofs	50
Lifts	15
Fixtures, fittings & equipment	7

Housing properties under construction are not depreciated until they are in use.

continued...

1. ACCOUNTING POLICIES - continued

Corporation Tax and VAT
The society has charitable status and is exempt from Corporation Tax on the income it has received. The society is not registered for VAT. Accordingly no VAT is charged to residents and the expenditure in the statement of comprehensive income includes the relevant VAT.

Pension costs and other post-retirement benefits
The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Social housing grant
Where Social Housing Grants (SHG), are received in respect of developments these grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Monetary Donations
Monetary donations to the society are credited in the financial statements on a receipts basis.

Debtors and creditors receivable / payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Provisions
Provisions are recognised when the society has an obligation at the financial reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the financial reporting date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund
Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by the Homes and Communities Agency (HCA) and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the Homes and Communities Agency (HCA). It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

Investments
Fixed asset investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably.

continued...

1. ACCOUNTING POLICIES - continued

Loans, borrowings and short term deposits
These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that the basic financial instruments are subsequently measured at amortised costs, however the society has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and borrowings that are repayable or receivable within one year are not discounted.

Going concern
The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for a period of at least 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Society to be able to continue as a going concern. As noted in the Report of the Trustees, the trustees have paid due regard to the COVID-19 pandemic while considering the going concern of the Society.

Judgements and key sources of estimation uncertainty
On transition to FRS102 the historical information to break down housing property assets into components was not available without undue cost or effort, and therefore has been included as structure within land and buildings and consequently depreciated over 100 years.

Housing property assets will in future be broken down into components based on management's assessment of the properties and useful economic lives will be assigned to these components.

2. TURNOVER

	2021 £	2020 £
Rents received	1,554,678	1,476,482
Quality Assessment Award	-	2,000
Void losses	(125,159)	(45,908)
Funding shortfall	-	(3,524)
Amortised government grants	9,254	9,254
Net income from residential charges	1,438,773	1,438,304

3. INVESTMENT INCOME

	2021 £	2020 £
Income from listed investments	31,802	38,925
Profit on disposal of listed investments	343	201
Bank interest	3,231	6,786
	35,376	45,912

continued...

4. OTHER OPERATING INCOME

	2021	2020
	£	£
Grants	42,845	-

Other operating income relates to income received from the local council in relation to the Infection Control, Rapid Testing and Workforce Capacity. Income is recognised on a systematic basis over the period in which the related costs for which the grant is intended to compensate are recognised.

5. DISPOSALS OF HOUSING PROPERTIES HELD AS TANGIBLE FIXED ASSETS

	2021	2020
	£	£
Proceeds from the disposal of housing properties	-	-
Carrying value of housing properties	(196,191)	-
Loss on disposal of fixed assets	(196,191)	-

The disposal of housing properties is an exceptional item and relates to the demolition of the original Ingleside property as part of the modernisation and extension of Ingleside, which has been noted on page 3 of the Report of the Trustees.

6. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2021	2020
	£	£
Movement in fair value of Fixed Asset investments	217,914	(155,147)

7. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Surplus/(deficit) is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	61,898	64,151
Loss on disposal of fixed assets	196,191	3,620
Auditor's remuneration for audit	8,280	8,040
Grants released to income	(9,254)	(9,254)

8. TRUSTEES' REMUNERATION AND BENEFITS

Key management personnel neither received or waived any remuneration during the year (2020: nil).

No remuneration was received by non-executive board members (2020: nil).

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2021 (2020: £302).

continued...

9. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	988,160	907,694
Social security costs	50,681	42,245
Other pension costs	17,174	15,824
	1,056,015	965,763

The average monthly number of employees during the year was as follows:

	2021	2020
Administration	5	5
Care staff	54	52
	59	57

No employees received emoluments in excess of £60,000.

10. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings	Totals
	£	£	£	£
COST				
At 1 April 2020	3,128,615	8,124	347,364	3,484,103
Additions	203,091	-	30,970	234,061
Disposals	(273,285)	-	-	(273,285)
At 31 March 2021	3,058,421	8,124	378,334	3,444,879
DEPRECIATION				
At 1 April 2020	651,576	3,407	259,365	914,348
Charge for year	29,439	162	32,297	61,898
Eliminated on disposal	(77,094)	-	-	(77,094)
At 31 March 2021	603,921	3,569	291,662	899,152
NET BOOK VALUE				
At 31 March 2021	2,454,500	4,555	86,672	2,545,727
At 31 March 2020	2,477,039	4,717	87,999	2,569,755

All freehold properties held for letting, other than Ingleside, are completed properties. Ingleside is currently under construction.

continued...

11. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 April 2020	983,856	2,605	986,461
Disposals	(2,773)	-	(2,773)
Revaluations	217,914	-	217,914
Cash movement	-	(171)	(171)
At 31 March 2021	1,198,997	2,434	1,201,431
NET BOOK VALUE			
At 31 March 2021	1,198,997	2,434	1,201,431
At 31 March 2020	983,856	2,605	986,461

There were no investment assets outside the UK.

The historical cost of these investments is £960,062 (2020: £962,775).

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Residential charges due and unpaid	4,211	2,512
Other debtors	1,369	570
Prepayments	16,679	34,158
	22,259	37,240

continued...

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	41,521	41,725
Payments received on account	21,915	6,268
Social security and other taxes	12,578	10,918
Other creditors	7,533	6,523
Accruals and deferred income	88,227	78,003
	171,774	143,437

The average number of days between receipt and payment of purchase invoices is 22 (2020: 30) days.

Government grant income of £40,131 (2020: £Nil) is included within accruals and deferred income.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Deferred capital grants	638,144	647,398

15. PENSION COMMITMENTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions payable by the society amounted to £17,174 (2020: £15,824).

16. CAPITAL COMMITMENTS

	2021	2020
	£	£
Contracted but not provided for in the financial statements	3,378,549	-

17. OTHER FINANCIAL COMMITMENTS

The company has the following commitments due as follows:

	2021	2020
	£	£
Due in less than one year	6,731	3,951
Due between two and five years	21,658	1,317
Due in more than five years	2,707	-
	31,096	5,268

continued...

18. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2021.

19. FINANCIAL INSTRUMENTS

The carrying amounts of The Abbeyfield Loughborough Society Limited's financial instruments are as follows:

	2021 £	2020 £
Financial assets		
Measured at fair value through the statement of comprehensive income:		
- Fixed asset investments (note 11)	1,198,997	983,856
Debt instruments measured at amortised cost:		
- Trade debtors and other debtors (note 12)	5,580	3,082
	1,204,577	986,938
Financial liabilities		
Measured at amortised cost:		
- Trade creditors and other creditors (note 13)	(49,053)	(48,248)
	(49,053)	(48,248)

Income and expense	2021 £	2020 £
Financial assets measured at fair value through comprehensive income	217,914	(155,147)

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £Nil (2020: £Nil) and £Nil (2020: £Nil) respectively.

20. SOCIAL HOUSING GRANT

The society has received Social Housing grants, which were used to fund the acquisition and development of housing properties and their components. The society has a future obligation to recycle such grants once the properties are disposed of. At 31 March 2021, the value of grants received in respect of these properties that had not been disposed of was £913,898 (2020: £913,898).

The amount of recycled capital grant at 1 April 2020 and 31 March 2021 is £56,381.

21. ACCOMMODATION IN MANAGEMENT

Throughout the period there were 2 housing units for older people. In addition to the 2 housing units, the society own another housing unit, which was closed to undergo a period of development.

The number of rooms under management was 44 (2020: 44).

continued...

22. CONTROL

The society is controlled by the Board.

23. RESERVES

	Balance at 1 April 2020	Income	Expenditure	Balance at 31 March 2021
	£	£	£	£
Unrestricted funds	1,593,036	1,703,179	1,668,390	1,627,825
Designated funds				
Capital expenditure reserve	30,000	30,971	30,971	30,000
Housing property repair reserve	100,000	-	-	100,000
General charitable reserve	33,882	38,020	10,576	61,326
Property fixed asset reserve	1,834.358	-	13,448	1,820,910
	3,591,276	1,772,170	1,723,385	3,640,061

Designated funds are those unrestricted funds which have been set aside by the trustees for a specific purpose. The designated funds of the Society are noted below.

The capital expenditure reserve was set up to fund future expenditure on fixtures, fittings and equipment.

The housing property repair reserve was set up to ensure that funds are available for housing property repair and maintenance, without impacting the society's free reserves position.

The general charitable reserve represents the accumulated charitable donations received by the society unexpended at the year-end.

The property fixed asset reserve was set up to reflect the net investment in properties, after allowing for the deferred capital grant.

24. EVENTS AFTER THE REPORTING DATE

The Society closed its sheltered housing property at May Mills House since the year end. It is in communication with Homes England regarding any capital grant that may need to be repaid.

Following the year-end, the Society also withdrew funds from its £3m Charity Bank loan facility for the first time. This facility was obtained to help fund the development of Ingleside. A fixed and floating charge over all freehold property dated 16 March 2021 is held over the Society to secure the borrowings from the Charity Bank.