

Registered Housing Association Number: HAL20
FCA Reference Number: 1883R(S)
Scottish Charity Number: SC012549

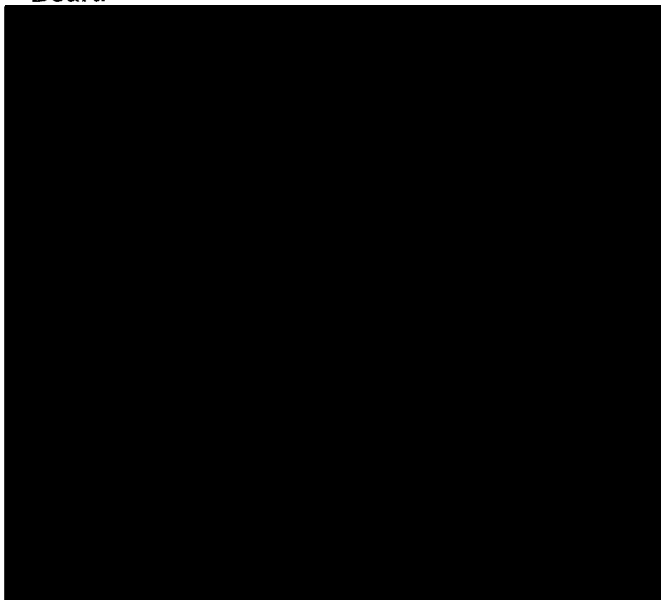
ABBNEYFIELD SCOTLAND LIMITED
REPORT and CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2022

ABBNEYFIELD SCOTLAND LIMITED

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ABBNEYFIELD SCOTLAND LIMITED
BOARD, EXECUTIVES and ADVISERS
Year ended 31 March 2022

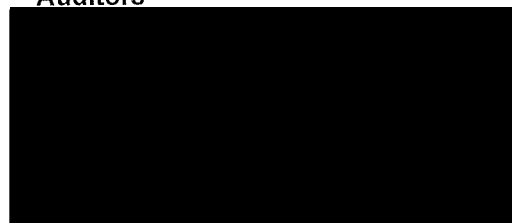
Board



Registered Office



Auditors



Solicitors



Finance Agents
Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD

For the year ended 31 March 2022

The Board presents its report and the Financial Statements for the year ended 31 March 2022.

Legal Status

Abbeyfield Scotland Limited is a Registered Social Landlord and is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 Number 1883R(S). Abbeyfield Scotland Limited is constituted under its Rule Book and is a registered Scottish Charity with the charity number SC012549.

It is also registered with the Financial Conduct Authority and the Scottish Housing Regulator.

Grandeene Property Ltd is a wholly-owned subsidiary of Abbeyfield Scotland Limited and was incorporated on the 23 February 2017.

Principal Activities

The principal activities of the group are the provision and management of affordable rented accommodation and the provision of varied care and support, lifestyle and flexible services for older people.

REVIEW of BUSINESS and FUTURE DEVELOPMENTS

Our Strategic Aims

Abbeyfield contracted a strategic options appraisal in 2019, with a recommendation to seek an RSL partner. Following due process, in 2020, we embarked on a collaborative business case with Blackwood Homes and Care. In October 2021, the Abbeyfield approved an offer from Blackwood, a full Transfer of Engagements. Since then, we have continued to work steadily with them to refine the offer, which was then laid out for residents in a ballot held in May 2022, the outcome was 98.8% in favour of the offer. In June and July 2022, our members voted unanimously in favour of the offer, which means, Abbeyfield will now transfer to Blackwood on 1 September 2022.

Blackwood fully support our vision, mission and values.

Our Vision

Abbeyfield Scotland Limited (ASL) is acknowledged as an exemplary provider of flexible care and support services for people who value their independence, for enhancing lives, for improving communities and for the well-being and lifestyle choices of individuals.

Our Mission

To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantages through the provision of construction, improvement and management of land and accommodation and the provision of care (by ourselves or with a suitable partner).

Our Values

CARE in the wellbeing of our residents and service users, staff and other customers

HONESTY in our relationships, listening to and supporting all our customers, and one another

OPENNESS to new ideas and better ways of working

RESPECT for differing views, values, backgrounds, abilities and characteristics.

The strategic aims of Abbeyfield as stated in our Business Plan 2020-2025 set the scene for an investment programme and focus on improvement during the course of the year to 31 March 2022. Abbeyfield have been working closely with Blackwood, who recognising and share the aims and objectives:

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2022

REVIEW of BUSINESS and FUTURE DEVELOPMENTS (continued)

- **Strategic Objective 1: Covid-19 Emergency Plan**

Measures to protect our customers, staff and Board from Covid 19 are strictly followed from UK and Scottish Government advice, particular to our business and workforce.

- **Strategic Objective 2: Improving Housing Service**

Implementing and developing our vision of an exemplar of services to vulnerable adults across Scotland. Using our strong history in the market to enhance the lives of people in our properties and in communities. A five-horizon approach to strengthening, developing and implementing tailored and assessed needs for adults. Success is dependent on a criterion of performance enhancing measures. A communication toolkit over five key points of managing performance.

- **Strategic Objective 3: Improving Housing Quality**

A revised Stock Condition Survey is now complete and is helping shape the improvements required with Blackwood and an Asset Management Strategy will be aligned with the financial plans needed in line with the offer from Blackwood as they invest in our existing stock.

- **Strategic Objective 4: Delivering Good Governance**

Blackwood is a long standing registered social landlord excelling in good governance and have an excellent reputation in the sector. The ToFE ensures that the delivery of good governance will be met.

- **Strategic Objective 5: Strengthening Financial Sustainability**

The ToFE will guarantee houses will see investment and improvements, residents will benefit from enhanced services and staff will transfer under TUPE regulations. Blackwood will strengthen the financial viability of our 14 houses.

- **Strategic Objective 6: Transforming Our Culture**

Leadership (Non-Executive and Executive) and Culture through Blackwood and use of specialist support, agreement on, and implementation of a culture change programme. Blackwood have a strong Leadership charter to lead, innovate and be accountable.

Managed Property

The table below shows our stock:

	2021/22	2020/21
	14 Houses	14 Houses
non-self-contained properties	127	127
self-contained properties	12	12
Investment properties	3	4
Total	142	143

Financial Review

The Group has a deficit of £752,255 (2020/21 – deficit £194,756).

Abbeyfield Scotland Limited (the Parent) has an overall deficit of £1,371,151 (2020/21 – deficit £205,166). One property was sold in the year for a loss of £41,494 compared to the previous year where two properties were sold for a gain of £269,412. Operating deficit was £1,348,694 (2020/21 – deficit £497,816).

The Group is fortunate in carrying no debts and having a healthy cash reserve of £1.6m at 31 March 2022.

The sum of £252,655 has been budgeted for repairs, planned and cyclical maintenance in 2022/23 and £10,000 on redecoration and internal improvements. In addition, a further £458,300 has been budgeted for capital improvements in 2022/23. Further investment to improve access and facilities will be supported by adaptation grants from Scottish Government.

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2022

REVIEW of BUSINESS and FUTURE DEVELOPMENTS (continued)

The Group now owns 3 bungalow style properties in Aberdeen, valued at approximately £0.87m, these are investment properties.

Development and Performance

This report details developments that have occurred during the year relating to the main activities undertaken by ASL and how we have performed.

Corporate Governance

Abbeyfield Scotland Ltd is governed by a voluntary Board which is elected by the members of Abbeyfield Scotland. It is the responsibility of the Board to set the strategy, policy and overall direction for Abbeyfield. Following the 2021 AGM the Board re-elected Nance Smith as Chair and Thomas Dodd as Company Secretary. In addition, they elected David Belfall as Vice Chair. The Board numbered 14 at 31 March 2022 following appointment of two co-opted members in December 2021: Lawrie West and Wendy McCracken.

The Chief Executive and the management team are responsible for achieving the strategic objectives and undertaking the operational activities in accordance with the agreed policies during the year.

A Strategic Options Appraisal was carried out in July 2019. This remains relevant as ASL is about to conclude a transaction with Blackwood Homes and Care.

The Business Plan 2020-2025 the Board, remains in place, along with a Transition Plan and Delivery Plans, working in collaboration with Blackwood and working with the regulatory authorities in meeting Abbeyfield's objectives and governance requirements.

ASL is primarily regulated by The Scottish Housing Regulator and the Care Inspectorate. Abbeyfield submitted its third Annual Assurance Statement in October 2021, indicating full compliance. The Engagement Plan with The Scottish Housing Regulator is clear on ASL's focus on the transfer of engagements to Blackwood.

Partnerships

Crandean Property Ltd, Abbeyfield's wholly owned subsidiary is now in non- trading mode with application DS01 submitted to Companies House for dissolution.

ASL is affiliated to The Abbeyfield Society (TAS). In Scotland, the Abbeyfield Societies in Scotland Ltd (ASiS) exists to promote collaboration between the various Abbeyfield member societies in Scotland (of which ASL is by far the largest).

Performance

Allocations and income maximisation

Void rental loss for retained houses was 22.40% of rent and service charges receivable (2020/21 – 22.40%).

Under close scrutiny by Board, the Finance Committee and management, our actions in this crucial regard have been to raise local and national awareness of ASL's services with improved targeted promotional activity supplemented by local and corporate marketing.

Rent arrears at 31 March 2022 remained, amounting to 2.21% of the annual gross rent due (2020/21 – 2.21%).

Responsive repairs

Category	Performance Measure	Target	2021/22	2020/21
Emergency	Average time to complete	5 hours	4 hours	5.5 hours
Non-Emergency	Average time to complete	6 days	9 days	5 days

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2022

Development and Performance (continued)

Health & Safety

In the past year gas safety checks, electrical condition reports, portable appliance testing, water hygiene tests and renewal of Houses in Multiple Occupancy (HMO) licences were undertaken. These demonstrate the paramount importance placed upon the health and safety of our residents and staff.

Gas safety

All gas safety checks are completed in September, several months before their anniversary date and each contractor will be provided again with a comprehensive list of all equipment that requires to be checked.

Fire safety

Fire safety training is undertaken by all staff at least yearly and evacuation tests are carried out as standard monthly and as unannounced at least yearly.

Action required as a result of legislation, training, risk assessment and evacuations is taken seriously at both Board and management levels and monitored closely.

Covid-19

ASL has not been heavily affected by the Pandemic, and later restrictions, with staff managing in unprecedented times to an extremely high standard.

Asset Management

ASL's reviews its asset management strategy on a regular basis and an important element in the reconfiguration of the business has been the closure over several years of a number of unsustainable properties. No further closures are identified.

Performance Management

Our people and our houses perform with greatest regard to the health and well-being of our residents. The focus on voids is pivotal to out-performing the Business Plan and this is closely monitored using a sophisticated performance management framework. It adapts to scenarios and sensitivities and is a welcome toolkit for deep and clinical analysis down to a house by house basis. ASL's golden thread strategy is on the importance of reducing voids.

Maintaining our Houses

The year continued with the ongoing programme of planned maintenance and health and safety works to the houses. Projects included:

- heating systems, including boiler replacements
- roofing repairs
- replacement of doors and windows

Significant works are expected from 2021/22 in Haddington which is now underway, with expected completion in October 2022.

People Management

The quality and competence of our staff is maintained by our high standards for recruitment and the induction, training and development given. Expected values and behaviours were developed in partnership with staff and form a "golden thread" running through the whole of the organisation and its activities.

At 31 March 2022, Abbeyfield Scotland Ltd employed 73 staff (FTE 40.4) based in 14 houses, the Area office and in Edinburgh. The sickness absence rate is 7.09% (2020/21 – 6.42%).

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2022

Development and Performance (continued)

Model of Services

Horizon 1 (immediate) - how to manage voids, how to restructure staff to effectiveness, how to use SDS, marketing, investment - what do we need to achieve this? The challenges are doing these ourselves.

Horizon 2 (working with Blackwood) - providing intermediate care, step up/step down, measured care at home, staff training, staff skills, staff structures, technology

Horizon 3 (beyond) - securing public contracts, growing and developing, be the best service provider in Scotland.

More specifically, Blackwood have indicated they will continue the work to:

- Develop greater understanding of the strategic commissioning planning landscape as outlined by Scottish Government (e.g. via the offer of training from Health Improvement Scotland), and use this to explore opportunities arising from each Health and Social Care Partnership's Strategic Commissioning Plans
- Utilise and develop the Abbeyfield Care registered service to engage more closely with commissioners via geographical Health and Social Care Partnership Strategic Planning Groups, and to engage with health, care and housing co-production events.
- Explore the possibilities and registration requirements for commissioned services that mitigate the effects of voids e.g.:
 - a service offer based on Intermediate Care principles.
 - referring older people from hospital to address delayed discharge.
 - provision of services for younger adults with Learning Disabilities in certain localities.
 - Redefining potential service offers and clarify the provision and pricing of support for:
 - very sheltered housing (via ASL)
 - services in community (housing support, care at home, companionship/befriending as via SDS- via Abbeyfield Care
 - carers organisations

Overall, this theme will support the outcomes:

- Address the needs of those who require care and support
- Demonstrate social value
- Maintain a secure financial position

Risk Management

The Board has a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks Abbeyfield Scotland faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of Abbeyfield's current internal controls and how this will be supported during the ToFE.

The Board has set policies on internal controls which cover the following:

- consideration of the type of risks Abbeyfield faces
- the level of risks which they regard as acceptable
- the likelihood of the risks concerned materialising
- Abbeyfield's ability to reduce the incidence and impact on the business of risks that do materialise
- management of the costs of operating particular controls relative to the benefit obtained

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2022

Development and Performance (continued)

In order to ensure these policies are adhered to, management has:

- engaged an internal auditor
- clarified the responsibility of management to implement the trustees' policies and identify and evaluate risks for their consideration
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives
- embedded the control system in the business's operations so that it becomes part of the culture of Abbeyfield
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment
- included procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

Budgetary process

Each year the Board approves the budget for the following year and provisional budgets for the four succeeding years. Key risk areas are identified. Performance is monitored by way of monthly management accounts and the Key Performance Indicators, scrutinised by the Finance Committee before the full Board and relevant action taken throughout the year through reporting on variances from the budget and updated forecasts for the year. Approval procedures are in place for areas of major risk such as tenders and major expenditure.

Going Concern

ASL has no viable financial health and is no longer a going concern. The ToFE with Blackwood gives current assets including stock, services, staff and residents the best possible chances of improved health, continued legacy and future proofing remedies.

Board and Executive Officers

The members of the Board and the Executive Officers are listed on Page 1.

Each member of the Board holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board.

The members of the Board are also Trustees of the Charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the preventions and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2022

The Board must, in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

Insofar as the Board are aware:

- there is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and;
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the Housing Association's auditors are aware of that information.

Statement of Internal Financial Control

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objects and progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up-to-date financial and other information with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken.
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

As there will be no Annual General Meeting in 2022, due to the Transfer of Engagements, there will be no further appointment of auditors.

BY ORDER OF THE BOARD,


Secretary

24 August 2022

REPORT BY THE AUDITORS TO THE BOARD OF

ABBEYFIELD SCOTLAND LIMITED

ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 7 concerning the Group's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

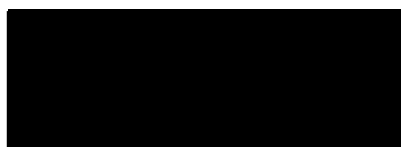
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Group's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Statutory Auditor
Edinburgh

Date:

31/8/2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEYFIELD SCOTLAND LIMITED

Opinion

We have audited the financial statements of Abbeyfield Scotland Limited (the 'parent') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Reserves and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Association's affairs as at 31 March 2022 and of the surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – non-Going Concern Basis of Accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, Abbeyfield Scotland will transfer engagements to Blackwood on 1 September 2022 with the assets and liabilities transferring to the acquiring Association.

The legal entity of Abbeyfield Scotland will be closed down during the following year once formalities have been completed. As such, although Abbeyfield Scotland's operations are continuing as part of another RSL, Abbeyfield as an entity will not exist in the foreseeable future. Therefore the Board has concluded that it is no longer appropriate to prepare the financial statements on a going concern basis.

There have been no adjustments to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEYFIELD SCOTLAND LIMITED
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Group in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Group in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Group; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities as set out on page 8, the Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group'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 Board either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Group through discussions with the Board and other management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEYFIELD SCOTLAND LIMITED
(continued)**

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- enquiring with the internal auditor of any known or suspected fraud.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Group's Assurance Statement and associated supporting information; and

requesting correspondence with the Scottish Housing Regulator. HMRC and the Group's legal advisors

- reviewing unadjusted errors for indications of fraud and information received for inconsistencies.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Description of the auditor's responsibilities for the audit of the financial statements

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

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

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

ALEXANDER SLOAN

Accountants and Business Advisers

Statutory Auditors

EDINBURGH

Date:

31/08/22



Alexander Sloan

Accountants and Business Advisers

ABBNEYFIELD SCOTLAND LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022	2021
		£	£
Turnover	2	2,300,301	2,285,768
Operating costs	2	(3,013,719)	(2,756,422)
Operating deficit	8	(713,418)	(470,654)
(Loss)/gain on sale of housing stock	7	(41,494)	269,412
Interest receivable and other income		2,657	6,486
		(38,837)	275,898
(Deficit)/surplus for the year		(752,255)	(194,756)

There were no discontinued operations during the year. As a consequence the results relate wholly to continuing activities.

The notes on pages 19 to 31 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

PARENT STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Turnover	2		2,261,610		2,243,576
Operating costs	2		(3,610,304)		(2,741,392)
Operating deficit	8		(1,348,694)		(497,816)
(Loss)/gain on sale of housing stock	7	(41,494)		269,412	
Interest receivable and other income		19,037		23,238	
			(22,457)		292,650
(Deficit)/surplus for the year			(1,371,151)		(205,166)

There were no discontinued operations during the year. As a consequence the results relate wholly to continuing activities.

The notes on pages 19 to 31 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

GROUP STATEMENT OF CHANGES IN RESERVES

As at 31 March 2022

	Share Capital £	Revenue Reserves £	Restricted Reserves £	Total £
Balance at 1 April 2021	99	4,159,197	448,003	4,607,299
Movement in share capital	(13)	-	-	(13)
Surplus from statement of total comprehensive income	-	(752,255)	-	(752,255)
Balance at 31 March 2022	86	3,406,942	448,003	3,855,031
	=====	=====	=====	=====
Balance at 1 April 2020	99	4,353,953	448,003	4,802,055
Movement in share capital	-	-	-	-
Surplus from statement of total comprehensive income	-	(194,756)	-	(194,756)
Balance at 31 March 2021	99	4,159,197	448,003	4,607,299
	=====	=====	=====	=====

PARENT STATEMENT OF CHANGES IN RESERVES

As at 31 March 2022

	Share Capital £	Revenue Reserves £	Restricted Reserves £	Total £
Balance at 1 April 2021	99	4,771,199	448,003	5,219,301
Movement in share capital	(13)	-	-	(13)
Surplus from statement of total comprehensive income	-	(1,371,151)	-	(1,371,151)
Balance at 31 March 2022	86	3,400,048	448,003	3,848,137
	=====	=====	=====	=====
Balance at 1 April 2020	99	4,976,365	448,003	5,424,467
Movement in share capital	-	-	-	-
Surplus from statement of total comprehensive income	-	(205,166)	-	(205,166)
Balance at 31 March 2021	99	4,777,199	448,003	5,219,301
	=====	=====	=====	=====

The notes on pages 19 to 31 form part of these financial statements

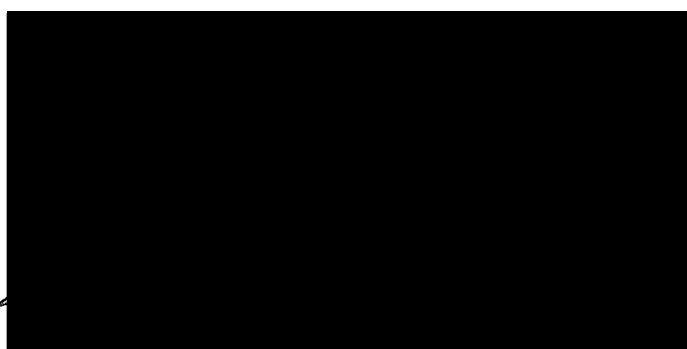
ABBNEYFIELD SCOTLAND LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	£	2022 £	£	2021 £
Tangible fixed assets					
Housing Properties – Depreciated cost	10(a)		2,332,563		2,410,904
Investment properties	10(b)		870,000		1,312,060
Other tangible fixed assets	10(b)		14,189		41,163
Investments	10(c)		-		-
			<hr/>		<hr/>
			3,216,752		3,764,127
Current assets					
Debtors (amounts falling due within one year)	13	160,675		190,062	
Debtors (amounts falling due after one year)	13	-		-	
Properties held for sale				-	
Cash at bank and in hand	22	1,602,559		1,761,504	
			<hr/>	<hr/>	
			1,763,234	1,951,566	
Creditors: Amounts falling due within one year	14	(262,101)		(205,798)	
			<hr/>	<hr/>	
Net current assets			1,501,133		1,745,768
			<hr/>		<hr/>
Total assets less current liabilities			4,717,885		5,509,895
			<hr/>		<hr/>
Creditors: Amounts falling due after one year	15		(862,854)		(902,596)
			<hr/>		<hr/>
Net assets			3,855,031		4,607,299
			<hr/>		<hr/>
Capital and reserves					
Share capital	16		86		99
Revenue reserves	17(a)		3,406,942		4,159,197
Restricted reserves	17(b)		448,003		448,003
			<hr/>		<hr/>
			3,855,031		4,607,299
			<hr/>		<hr/>

The financial statements were approved by the Board and signed on their behalf on 24 August 2022.



The notes on pages 19 to 31 form part of these financial statements

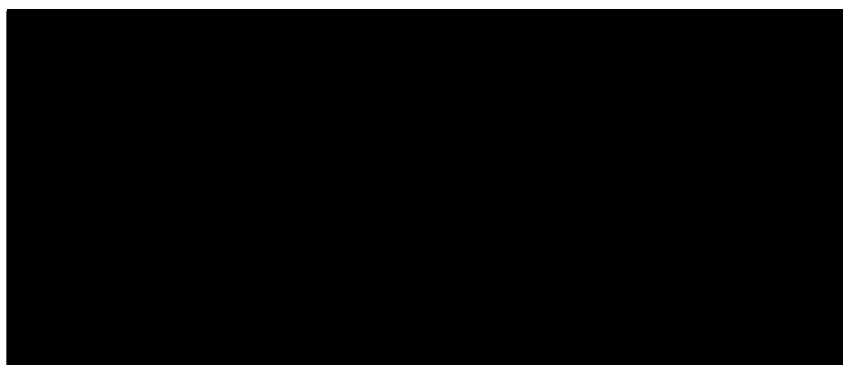
ABBEYFIELD SCOTLAND LIMITED

PARENT STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	£	2022 £	£	2021 £
Tangible fixed assets					
Housing Properties – Depreciated cost	10(a)		2,332,563		2,410,904
Investment properties	10(b)		870,000		1,312,060
Other tangible fixed assets	10(b)		14,189		29,963
Investments	10(c)		1		1
			<hr/>		<hr/>
			3,216,753		3,752,928
Current assets					
Debtors (amounts falling due within one year)	13	160,675		205,484	
Debtors (amounts falling due after one year)	13	-		628,957	
Properties held for sale				-	
Cash at bank and in hand	22	1,596,589		1,756,137	
			<hr/>	<hr/>	
			1,757,264	2,590,578	
Creditors: Amounts falling due within one year	14	(263,026)		(221,609)	
			<hr/>	<hr/>	
Net current assets			1,494,238		2,368,969
			<hr/>		<hr/>
Total assets less current liabilities			4,710,991		6,121,897
			<hr/>		<hr/>
Creditors: Amounts falling due after one year	15		(862,854)		(902,596)
			<hr/>		<hr/>
Net assets			3,848,137		5,219,301
			<hr/>		<hr/>
Capital and reserves					
Share capital	16		86		99
Revenue reserves	17(a)		3,400,048		4,771,199
Restricted reserves	17(b)		448,003		448,003
			<hr/>		<hr/>
			3,848,137		5,219,301
			<hr/>		<hr/>

The financial statements were approved by the Board and signed on their behalf on 24 August 2022.



The notes on pages 19 to 31 form part of these financial statements

ABBEYFIELD SCOTLAND LIMITED

STATEMENT of CASHFLOWS

For the year ended 31 March 2022

GROUP	Note	2022 £	2021 £
Net cash generated from operating activities	21	(428,143)	(457,709)
Cash flows from investing activities			
Purchase of tangible fixed assets		(19,980)	(22,025)
Proceeds from sale of fixed assets		286,521	685,186
Cash flows from financing activities			
Interest receivable		2,657	6,486
Net change in cash and cash equivalents in the year		(158,945)	211,938
Cash and cash equivalents at the beginning of the year		1,761,504	1,549,566
Cash and cash equivalents at the end of the year		1,602,559	1,761,504
		=====	=====
PARENT	Note	2022 £	2021 £
Net cash generated from operating activities	21	(445,126)	(422,020)
Cash flows from investing activities			
Purchase of tangible fixed assets		(19,980)	(22,025)
Proceeds from sale of fixed assets		286,521	685,186
Cash flows from financing activities			
Interest receivable		19,037	23,238
Net change in cash and cash equivalents in the year		(159,548)	264,379
Cash and cash equivalents at the beginning of the year		1,756,137	1,491,758
Cash and cash equivalents at the end of the year		1,596,589	1,756,137
		=====	=====

The notes on pages 19 to 31 form part of these financial statements

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2022

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP 2014 and the Determination of Accounting Requirements 2019".

Legal Status

Abbeyfield Scotland Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No. 1883R(S) and is a registered Scottish charity No.SC012549. Abbeyfield Scotland Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity.

The registered office is 14 New Mart Road, Edinburgh, EH14 1RL.

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice – Accounting by Registered Social Landlords 2014 and on the historical cost basis. They also comply with Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

The financial statements are prepared in Pound Sterling which is the financial currency of the entity and rounded to the nearest £1.

Going concern

Abbeyfield Scotland has agreed to transfer engagements to Blackwood on 1 September 2022 with assets and liabilities transferring to the acquiring Association. The Board intends to wind up Abbeyfield Scotland and, as an entity, it will not exist in the foreseeable future. Therefore, the Board has considered it appropriate that these financial statements should be prepared on a going concern basis.

Turnover

Turnover represents rental and service charge income receivable, fees receivable, revenue grants receivable and donations and legacies receivable.

Retirement benefits

The pension costs charges in the financial statements represent the contributions payable by the organisation during the period.

Valuation of housing properties

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 10. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchen	20 years
Bathrooms	30 years
Windows	30 years
External doors	30 years
Internal doors	35 years
Boilers	15 years
Central heating	30 years
Lifts	40 years
Roofs	50 years
Rewiring	30 years
Conservatories	15-30 years
Fire alarms	20 years
Structure	50 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

Valuation of housing properties (continued)

When a component is replaced the replacement cost is capitalised. The cost of the original component and depreciation to date is written out of fixed assets. Any remaining cost not depreciated is written out of fixed assets to the Statement of Comprehensive Income as a loss on disposal of fixed assets and included in depreciation of housing within operating costs for social letting

Depreciation and Impairment of Other Tangible Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is recognised so as to write off the cost or valuation useful lives on following bases:-

Office Premises	2% Straight line
Furniture and Fittings	20% Straight line
Computer Equipment	33% Straight line
Office Equipment	33% Straight line
Motor vehicles	25% Straight line and reducing balance
Leasehold Improvements	10% Straight line

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any direct attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in statement of comprehensive income.

Social Housing Grant

Social Housing Grants are accounted for using the Accrual Method as outlined in section 24 of FRS 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Sales of Housing Properties

Disposals of housing property are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised on the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

ABBNEYFIELD SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

1. Principal accounting policies (continued)

Restricted Reserves

Where legacy income is received with conditions stipulated as to how income is to be spent, such income has been included within a Restricted Reserve Fund. Expenditure satisfying the conditions imposed is set against this Reserve. Details of the Restricted Funds are in note 17.

Cash and Cash Equivalents

Cash and Cash Equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of 100 days or less.

In the cash flow statement, cash and cash equivalents does not include term deposits that mature in excess of 100 days and are instead shown within Current Asset Investments on the Statement of Financial Position.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears – Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history and arrangements in place.

Life Cycle of Components and useful life of properties, plant and equipment

The Association estimates the useful lives of major components of its housing property and the useful life of its properties, plant and equipment with reference to surveys carried out by external qualified surveyors and these form the basis on which annual depreciation is estimated.

2. Particulars of turnover, cost of sales, operating costs and operating deficit - Parent

		2022			2021		
	Notes	Turnover £	Operating costs £	Operating surplus/ (deficit) £	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Social lettings	3	2,083,383	2,448,133	(364,750)	2,025,841	2,300,967	(275,126)
Other activities	4	178,227	1,162,171	(983,944)	217,735	440,425	(222,690)
Total		2,261,610	3,610,304	(1,348,694)	2,243,576	2,741,392	(497,816)
		=====	=====	=====	=====	=====	=====

Particulars of turnover, cost of sales, operating costs and operating deficit - Group

		2022			2021		
	Notes	Turnover £	Operating costs £	Operating surplus/ (deficit) £	Turnover £	Operating costs £	Operating surplus/ (deficit) £
Social lettings	3	2,083,383	2,415,913	(332,530)	2,025,841	2,300,967	(275,126)
Other activities	4	216,918	565,586	(348,668)	259,927	455,455	(195,528)
Total		2,300,301	2,981,499	(681,198)	2,285,768	2,756,422	(470,654)
		=====	=====	=====	=====	=====	=====

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

3. Particulars of income and expenditure from social lettings – Parent and Group

	General Needs housing £	Supported housing £	Shared ownership £	2022 Total £	2021 Total £
Income from lettings					
Rent receivable net of identifiable service Charges	-	1,410,123	-	1,410,123	1,391,439
Service charges receivable	-	1,176,603	-	1,176,603	1,138,708
Gross rents receivable	-	2,586,726	-	2,586,726	2,530,147
<u>Less:</u> Rent losses from voids	-	581,856	-	581,856	561,855
	-	2,004,870	-	2,004,870	1,968,292
Grants released from deferred income	-	40,005	-	40,005	40,267
Other revenue grants	-	38,508	-	38,508	17,282
Total income from social letting	-	2,083,383	-	2,083,383	2,025,841
Expenditure on social letting activities					
Service costs	-	662,458	-	662,458	660,739
Management and maintenance administration costs	-	1,393,869	-	1,393,869	1,375,354
Reactive maintenance	-	108,294	-	108,294	59,355
Bad debts – rents and service charges	-	11,070	-	11,070	-
Planned and cyclical maintenance, including major repairs	-	174,121	-	174,121	107,744
Depreciation of social housing	-	98,321	-	98,321	97,775
Operating costs of social letting	-	2,448,133	-	2,448,133	2,300,967
Operating deficit on social letting activities	-	(364,750)	-	(364,750)	(275,126)
2021	-	(275,126)	-	(275,126)	

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities - Parent

	Grants From Scottish Ministers £	Other Supporting Revenue Grants £	People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus/ (deficit) 2022 £	Operating Surplus/ (deficit) 2021 £
Support activities	-	-	70,130	-	70,130	-	271,531	(201,401)	(194,716)
Governance costs	-	-	-	-	-	-	10,475	(10,475)	(11,700)
Legacies and donations	-	-	-	9,685	9,685	-	-	9,685	11,770
Other sundry activities	-	-	-	12,265	12,265	-	-	12,265	17,480
Other activities	-	-	-	86,147	86,147	-	880,165	(794,018)	(45,524)
Total from other activities	-	-	70,130	108,097	178,227	-	1,162,171	(983,944)	(222,690)
2021	-	-	75,920	141,815	217,735	-	440,425	(222,690)	

Particulars of turnover, operating costs and operating surplus or deficit from other activities - Group

	Grants From Scottish Ministers £	Other Supporting Revenue Grants £	People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus/ (deficit) 2022 £	Operating Surplus/ (deficit) 2021 £
Support activities	-	-	70,130	-	70,130	-	271,531	(201,401)	(194,716)
Governance costs	-	-	-	-	-	-	10,575	(10,575)	(11,700)
Legacies and donations	-	-	-	9,685	9,685	-	-	9,685	11,770
Other sundry activities	-	-	-	156	156	-	-	156	2,360
Other activities	-	-	-	136,947	136,947	-	283,480	(146,533)	(3,242)
Total from other activities	-	-	70,130	146,788	216,918	-	565,586	(348,668)	(195,528)
2021	-	-	75,920	184,007	259,927	-	455,455	(195,528)	

Included in the 'Operating Costs – Other' of £271,531 above are the total costs of providing personal services to residents, above the provision of housing support.

Direct grant income from Local Authorities to fund these services is shown above at £70,130. Monthly charges to residents include a charge for personal services and this is shown as £362,507 income under 'Income from Lettings' (Note 3).

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

5. Officers emoluments – Group and Parent

The officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers or servants of the Association.

One officer of the Association received emoluments greater than £60,000.

	2022 £	2021 £
Emoluments payable to Chief Executive including benefits in kind of £Nil (2021: £Nil) (excluding pension contributions)	74,714	73,928
Pension contributions payable to key management personnel	6,793	6,659
	----- 81,507	----- 80,587
	=====	=====

Key management personnel is the Chief Executive and their total compensation (including employers' NI) was £90,533 (2021: £89,425). In addition, Chiene + Tait acted as finance agents and were paid £45,451 (2021: £43,200).

6. Employee information - Parent

The average monthly number of full-time equivalent persons employed during the year was

2022 £	2021 £
46	49
=====	=====

The average total number of employees employed during the year was

79	72
=====	=====

Staff costs were:

Wages and salaries	1,311,521	1,276,022
Social security costs	90,867	89,633
Other pension costs	59,661	61,103
Temporary, agency and seconded staff	71,394	153,852
	----- 1,533,443	----- 1,580,610
	=====	=====

Employee information - Group

The average monthly number of full-time equivalent persons employed during the year was

2022 £	2021 £
46	49
=====	=====

The average total number of employees employed during the year was

79	72
=====	=====

Staff costs were:

Wages and salaries	1,311,521	1,276,022
Social security costs	90,867	89,633
Other pension costs	59,661	61,103
Temporary, agency and seconded staff	71,394	153,852
	----- 1,533,443	----- 1,580,610
	=====	=====

Included within the wages and salaries for the year ended 31 March 2022 is £24,595 (2021: £11,821) of severance costs.

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

7. Gain on sale of housing stock – Group and Parent	2022	2021
	£	£
Sales proceeds	286,521	710,000
Cost of sales	328,015	440,588
	-----	-----
(Loss)/gain on sale of housing stock	(41,494)	269,412
	=====	=====

8. (Deficit)/surplus for the year on ordinary activities

	2022	Group	2022	Parent
	£	2021	£	2021
		£		£
(Deficit)/surplus on ordinary activities is stated after charging:				
Depreciation - Tangible fixed assets	117,475	119,571	114,095	115,019
Auditors' remuneration - Audit services	12,000	11,700	12,100	11,700
- Other services	-	-	-	-
Operating lease rentals - Land and buildings	36,417	34,153	36,417	34,153
- Other	7,403	5,917	7,403	5,917
	=====	=====	=====	=====

9. Tax on (deficit)/surplus on ordinary activities – Group and Parent

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

The subsidiary, Crandeen Property Ltd has current and brought forward losses which has brought the Corporation Tax for the current year to £nil (2021: £nil).

10. Tangible fixed assets

	Housing Properties Held for Letting
	£
(a) Housing properties – Group and Parent	
Cost	
As at 1 April 2021	4,591,952
Additions	19,980
Disposals	(15,485)

As at 31 March 2022	4,596,447

Depreciation	
As at 1 April 2021	2,181,048
Charge for year	98,321
Disposals	(15,485)

As at 31 March 2022	2,263,884

Net book value	
As at 31 March 2022	2,332,563
	=====
As at 31 March 2021	2,410,904
	=====

Additions to housing properties includes capitalised development administration costs of £nil (2021: £nil) and capitalised major repair costs to existing properties of £19,980 (2021: £5,465).

All land and housing properties are freehold.

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

10. Tangible fixed assets (continued)

(b) Other tangible fixed assets - Group

	Investment Property £	Computer Equipment £	Furniture and Equipment £	Leasehold Improvements £	Total £
Cost					
As at 1 April 2021	1,312,060	83,660	720,724	13,299	2,129,743
Additions	-	-	-	-	-
Disposals	(328,015)	-	(16,108)	(13,299)	(357,422)
Revaluation	(114,045)	-	-	-	(114,045)
As at 31 March 2022	870,000	83,660	704,616	-	1,658,276
Aggregate depreciation					
As at 1 April 2021	-	65,632	705,568	5,320	776,520
Charge for year	-	10,194	7,983	977	19,154
Disposals	-	-	(15,290)	(6,297)	(21,587)
As at 31 March 2022	-	75,826	698,261	-	774,087
Net book value					
As at 31 March 2022	870,000	7,834	6,355	-	884,189
As at 31 March 2021	1,312,060	18,028	15,156	7,979	1,353,223

(b) Other tangible fixed assets - Parent

	Investment Property £	Computer Equipment £	Furniture and Equipment £	Total £
Cost				
As at 1 April 2021	1,312,060	83,660	704,616	2,100,336
Additions	-	-	-	-
Disposals	(328,015)	-	-	(328,015)
Revaluation	(114,045)	-	-	(114,045)
As at 31 March 2022	870,000	83,660	704,616	1,658,276
Aggregate depreciation				
As at 1 April 2021	-	65,632	692,681	758,313
Charge for year	-	10,194	5,580	15,774
Disposals	-	-	-	-
As at 31 March 2022	-	75,826	698,261	774,087
Net book value				
As at 31 March 2022	870,000	7,834	6,355	884,189
As at 31 March 2021	1,312,060	18,028	11,935	1,342,023

The board have considered the fair value of the investment properties is £870,000 at 31 March 2022.

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

10. Tangible fixed assets (continued)

(c) Investments - Parent	2022	2021
	£	£
Cost		
As at 1 April 2021	1	1
Additions during year	-	-
	-----	-----
At 31 March 2022	1	1
	=====	=====

Abbeyfield Scotland Limited owns one share which is 100% of the share capital of Crandeen Limited. Crandeen Limited commenced trading on 26 May 2017.

For the year ended 31 March 2022 the subsidiary Crandeen Property Ltd (SC558564), registered office 17 Victoria Street, Aberdeen AB10 1PU, was entitled to exemption from audit under section 479A of the Companies Act relating to subsidiary companies.

Aggregate capital and reserves	2022	2021
	£	£
Crandeen Property Limited	2,100	(616,796)
	=====	=====
Profit/(loss) for the year	2022	2021
	£	£
Crandeen Property Limited	618,896	10,410
	=====	=====

11. Capital Commitments

	2022	Group	2022	Parent
	£	2021	£	2021
		£		£
Capital expenditure that has been contracted for but not provided for in the financial statements	-	-	-	-
	=====	=====	=====	=====
Capital expenditure authorised but not contracted for		400,000		400,000
	=====	=====	=====	=====

12. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2022	Group	2022	Parent
	£	2021	£	2021
		£		£
Not later than one year	28,813	51,767	28,813	51,767
Between one and five years	443	21,150	443	21,150
	-----	-----	-----	-----
Total	29,256	72,917	29,256	72,917
	=====	=====	=====	=====

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

13. Debtors	2022 £	Group 2021 £	2022 £	Parent 2021 £
Due within one year				
Arrears of rent and service charges	70,756	60,879	70,756	60,879
Less: Provision for doubtful debts	(17,070)	(6,000)	(17,070)	(6,000)
	53,686	54,879	53,686	54,879
Social Housing Grant receivable	59,439	29,457	59,439	29,457
Other debtors and prepayments	39,360	94,825	39,360	94,825
Trade debtors	8,190	10,902	8,190	10,902
Amounts owed by group undertakings	-	-	-	15,421
	160,675	190,063	160,675	205,484
	=====	=====	=====	=====
Due after one year				
Amounts owed by group undertakings	-	-	-	628,957
	=====	=====	=====	=====

14. Creditors: amounts falling due within one year	2022 £	Group 2021 £	2022 £	Parent 2021 £
Trade creditors	110,144	78,096	106,664	78,096
Rent in advance	15,635	7,209	15,635	7,209
Other taxation and social security	22,022	25,884	22,022	25,884
Other creditors	24,281	23,482	28,686	28,278
Accruals and deferred income	50,014	30,859	50,014	28,759
Inter-company account	-	-	-	13,115
Deferred Housing Association Grant	40,005	40,268	40,005	40,268
	262,101	205,798	263,026	221,609
	=====	=====	=====	=====

At the balance sheet date there were pension contributions outstanding of £7,641 (2021: £8,661).

15. Creditors: amounts falling due after one year	2022 £	Group 2021 £	2022 £	Parent 2021 £
Deferred Housing Association Grant	862,854	902,596	862,854	902,596
	=====	=====	=====	=====
Within one year	40,005	40,268	40,005	40,268
Due between one and two years	40,005	40,268	40,005	40,268
Due between two and five years	120,015	120,804	120,015	120,804
Due after five years	702,834	741,524	702,834	741,524
	902,859	942,864	902,859	942,864
Less: included in current liabilities above	40,005	40,268	40,005	40,268
	862,854	902,596	862,854	902,596
	=====	=====	=====	=====

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

15. Creditors: amount falling after one year (continued)

Deferred Income – Housing Association Grant – Group and Parent

Housing Properties
Held for Letting
£

Social Housing Grants

As at 1 April 2021	1,994,120
Disposals	-

As at 31 March 2022	1,994,120
---------------------	-----------

Amortisation

As at 1 April 2021	1,051,256
Amortisation	40,005
Eliminated on disposal	-

As at 31 March 2022	1,091,261
---------------------	-----------

Net Book Value

As at 31 March 2022	902,859
---------------------	---------

As at 31 March 2021	942,864
---------------------	---------

16. Share capital – Group and Parent

Shares of £1 each issued and fully paid

At 1 April 2021	99
Issued in year	2
Cancelled in year	(15)

At 31 March 2022	86
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Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceased to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

17. Reserves

Group
£ Parent
£

(a) Revenue reserve

At 1 April 2021	4,159,197	4,771,199
(Deficit) for the year	(752,255)	(1,371,151)

At 31 March 2022	3,406,942	3,400,048
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(b) Restricted reserves balance

Opening
reserve
£ Income
£ Closing
reserve
£

Forres Fund	244,961	-	244,961
Highland Fund	7,749	-	7,749
Airdrie Fund	100	-	100
Abbeyfield North Berwick Friends Fund	7,311	-	7,311
Killearn Fund	629	-	629
Dock Park Fund	463	-	463
Haddington Fund	186,790	-	186,790
Closing balance	448,003	-	448,003

The Forres Fund was established with proceeds received following the dissolution of the Abbeyfield Forres and District Society Limited. These funds are to be used for the benefit of local Abbeyfield Houses.

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

17. Reserves (continued)

The Highland Fund was established in 2008/09 following the closure of the Abbeyfield Nethybridge Society. The money was left to the Association on the condition that it be used to benefit those houses remaining in the Highland region.

The Airdrie Fund was established in 2008/09 following a receipt from [REDACTED] to be used for the upkeep of the gardens at the Airdrie House.

The Abbeyfield North Berwick Friends Fund was established in December 2013 from a donation of funds held by Abbeyfield North Berwick Friends Group.

The funds were given on the following two conditions to reflect the conditions on which the fund were originally given to the Abbeyfield North Berwick Friends. The conditions are:

1. The funds would be used exclusively for the benefit of residents of the North Berwick Abbeyfield Home but would not be used for anything which would otherwise have been covered by normal monthly expenditure or which would benefit any one resident alone;
2. The former Chair [REDACTED] and Secretary ([REDACTED]) of North Berwick Abbeyfield Society would be consulted on any expenditure exceeding £1,000 and an annual Statement of Account would be provided to them.

The Killearn Fund was established in December 2013 from a donation received from [REDACTED] on behalf of the late [REDACTED]. [REDACTED] chose to donate the credit on her late mother's rent account for the benefit of the Killearn residents.

The Dock Park Fund was established in March 2015 from a donation received from [REDACTED] on behalf of the late [REDACTED]. [REDACTED] chose to donate the credit of £463.44 on her late father's rent account for the benefit of the Dockpark House.

The Haddington Fund was established in 2017/18 from a donation from Abbeyfield East Linton Society Ltd for the benefit of Abbeyfield Haddington, Paterson Court, Paterson Place, Haddington EH41 3DU.

18. Housing stock – Group and Parent

The number of units of accommodation in management at the year end was:
Supported housing

2022	2021
No.	No.
142	143
=====	=====

19. Related party transactions

Members of the board are related parties of the Association as defined by Financial Reporting Standard FRS102.

There were no transactions between the organisation and its related parties during the period other than the reimbursement of travel and subsistence expenses for meetings. Two (2021: two) board members claimed expenses totalling £601 (2021: £504).

At the 31 March 2022 a balance of £Nil (2021: £644,378) on the inter-company loan account was due to Abbeyfield and £16,380 (2021: £16,380) of interest was charged on the loan during the year at a commercial rate. The board approved the write off of the inter-company loan in February 2022 totalling £619,433.

During the year Abbeyfield received a £1,200 (2021: £1,200) management fee from Crandeen Property Limited and £10,909 (2021: £13,920) for the lease of four (2021: five) properties from Abbeyfield.

At the 31 March 2022 a balance of £Nil (2020: £13,115) was due to Crandeen Property Limited.

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

20. Pension costs

Abbeyfield Scotland Limited operates a defined contribution scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the organisation and amounted to £59,661 (2021: £61,103).

21. Net cash generated from operating activities

	2022 £	Group 2021 £	2022 £	Parent 2021 £
(Deficit)/surplus for the year	(752,255)	(194,756)	(1,337,151)	(205,166)
<i>Adjustment for non-cash items:</i>				
Depreciation of tangible fixed assets	117,475	119,571	114,095	115,019
Loss on disposal of fixed assets	49,314	-	-	41,797
Gain on sale of fixed assets	-	(269,412)	41,494	(311,209)
Impairment of investment property	114,045	-	114,045	-
Decrease/(increase) in trade and other debtors	29,387	(85,688)	673,766	(25,291)
Increase in trade and other creditors	46,566	19,329	41,680	26,335
<i>Adjustments for investing or financing activities:</i>				
Government grants utilised in the year	(40,005)	(40,267)	(40,005)	(40,267)
Interest receivable	(2,657)	(6,486)	(19,037)	(23,238)
Share capital written off	(15)	-	(15)	-
Issue of share capital	2	-	2	-
Net cash flow from operating activities	(428,143)	(457,709)	(445,126)	(422,020)

22. Cash and cash equivalents

Group	At 1 April 2021 £	Movement in year £	At 31 March 2022 £
Cash at bank and in hand	1,761,504	(158,945)	1,602,559
	=====	=====	=====
Parent	At 1 April 2021 £	Movement in year £	At 31 March 2022 £
Cash at bank and in hand	1,756,137	(159,548)	1,596,589
	=====	=====	=====