

**Abbeyfield Scotland Limited**  
**Report and Financial Statements**  
**For the year ended 31st March 2012**

**Registered Housing Association No. HAL20**

**FSA Reference No. 1883R(S)**

**Scottish Charity No. SC012549**

# ABBNEYFIELD SCOTLAND LIMITED

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**BOARD, EXECUTIVES AND ADVISERS**  
**YEAR ENDED 31st MARCH 2012**

**BOARD**

James G Craigie

Jane Green

John Robertson

Martyn Rendle

David J Belfall

John Costigan

Peter Furniss

Charles Armstrong

David Ritchie

Michael White

William Brunton

John Leggatt

Irene Christie

Amanda Ling

Chairman

Secretary appointed September 2011

resigned September 2011

resigned September 2011

resigned March 2012

Vice Chairman

appointed September 2011

appointed September 2011

appointed September 2011

appointed September 2011

**EXECUTIVE OFFICERS**

Niall Patterson

Chief Executive

**REGISTERED OFFICE**

14 New Mart Road

Edinburgh

EH14 1RL

**AUDITORS**

Alexander Sloan

Chartered Accountants

38 Cadogan Street

Glasgow

G2 7HF

**BANKERS**

The Royal Bank of Scotland

142-144 Princes Street

Edinburgh

EH2 4EQ

**SOLICITORS**

T C Young, Solicitors

7 West George Street

Glasgow

G2 1BA

**FINANCE AGENTS**

FMD Financial Services

29 Ladyloan Place

Glasgow

G15 8LB

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**REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2012**

The Board presents its report and the Financial Statements for the year ended 31st March 2012.

**Legal Status**

Abbeyfield Scotland Limited is a Registered Social Landlord and is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.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 Services Authority and the Scottish Housing Regulator No.HAL20.

**Principal Activities**

Abbeyfield Scotland's principal activities are the provision and management of affordable rented accommodation and the provision of care and support services for lonely or frail elderly people.

## **ABBNEYFIELD SCOTLAND LIMITED**

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### **REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2012**

#### **Review of Business and Future Developments**

##### **Governance and Management**

Abbeyfield Scotland Ltd is governed by a voluntary Board which employs staff to manage the affairs of the business. During the year the Board undertook a robust recruitment process resulting in the appointment of Niall Patterson as its first full-time Chief Executive. Niall started work in August 2011.

In September 2011, the Board welcomed five new members with backgrounds variously in business management, social care and as Abbeyfield "friends". Michael White stood down as Chairman after several years service, and Board members agreed the appointment of James Craigie to the office.

Board working was reviewed and a more effective system of monthly Board meetings was instituted. Sub-committee working was replaced with a structure of five strategic working groups, involving senior staff and Board members, each focussing on driving through a key strategic task under the oversight of the Board.

At operational level, major steps were taken to complete the implementation of a new staff structure for the north region. This followed an extensive process of consultation, pilot evaluation and review, succeeded by recruitment to key positions in the structure. The restructuring is a key tool in the Board's plans for improving quality and achieving viability and growth and it agreed to rolling out the new structure to the two remaining regions in Scotland.

##### **Regulation**

Abbeyfield Scotland Ltd is primarily regulated by the Scottish Housing Regulator and the Care Inspectorate. Following inspection by the Scottish Housing Regulator in December 2011, and in line with the Regulator's risk-based approach to inspection, it confirmed the continuation of its "medium engagement" in 2012/13 with the organisation in view of Abbeyfield Scotland's relative youth and the business challenges it is addressing.

##### **Strategy and Objectives**

In March 2012 the Board agreed its new business strategy "Foundations for the Future".

Beyond the merger in 2008 and subsequent process of integration, the Board concluded in 2011 that radical change was needed to create a modern and viable business; only a small number of current properties was considered to have a useful long term life and, being debt-free, selected assets could be enhanced to meet changing needs and expectations. The Board began to set the groundwork for ensuring that Abbeyfield Scotland Ltd would be a sustainable business, providing accommodation and support and care services that would meet what is required by the market, and, importantly, to the standards expected by regulators.

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REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2012

Review of Business and Future Developments (Contd.)

The strategy demonstrates the Board's commitment to a long-term approach that will

- Rationalise the geographic spread of activities to reduce management costs
- Dispose of hard-to-let and other properties which are uneconomic to maintain and manage
- Focus investment in the most viable locations and in properties with long term potential
- Realise the potential of extending or modernising houses and developing grounds
- Supplement shared housing with self contained properties with one/two bedrooms
- Provide high quality, energy-efficient housing.
- Offer local solutions to housing need
- Introduce alternative models and tenures to meet changing needs

The current Abbeyfield model is under re-assessment, in relation to the requirement to provide meals, the size of residents' rooms, provision of en-suite facilities and more broadly to match the increasing demands, needs and aspirations of older people, and possibly other client groups. Options are being explored for widening, or narrowing, what Abbeyfield Scotland Ltd offers, in relation to needs of age, abilities and incomes.

The Board's agreed Vision is that Abbeyfield Scotland Ltd will become an exemplar in the provision of housing and personal support and care for older people, founded on core Values of

- o Care in the wellbeing of residents, staff and volunteers
- o Honesty in relationships, listening to and supporting residents and one another
- o Openness to new ideas and better ways of working
- o Respect for differing views, values, backgrounds, abilities and characteristics

The Goal is to be a financially-sound, sustainable not-for-profit business providing high quality accommodation and outstanding personal support and care for the elderly.

Thus Abbeyfield Scotland Ltd has two Strategic Objectives

- To make the business financially secure and sustainable by December 2014
- To make an underlying annual surplus by March 2018

These objectives will be achieved through five Business Objectives

1. Transform our business (secure financial stability, review efficiency, effectiveness and performance)
2. Optimise our assets (modernise, redevelop and manage our assets for long term sustainability)
3. Maximise our services (expand the range and enhance quality of the support and care services we offer)
4. Market our offering (anticipate, differentiate and promote what we offer)
5. Grow our business (explore and exploit opportunities to develop, build, merge or acquire to sustain our business)

## **ABBNEYFIELD SCOTLAND LIMITED**

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### **REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2012**

#### **Review of Business and Future Developments (Contd.)**

##### **Risks**

Four main strategic risks identified by Abbeyfield Scotland Ltd are:

Control of our Cost Base - this needs to take account of an immediate reduction in stock numbers, the need to ensure that our improvement of the quality of housing support and assets is not compromised, and the need to resource the process of transformation and new business development.

Current levels of Rent and Charges - these have been insufficient to cover the increasing cost of maintaining the traditional Abbeyfield model, meeting the Scottish Housing Quality Standard, accounting for the withdrawal of Housing Support Funding or for the cost services informally provided or anticipated by residents

Disposal of Closed Houses - development plans depend upon the cash generated by future disposal of uneconomic houses. The current state of the property market presents the risks of long term retention of closed houses and reduced values.

Improving the Demand for Abbeyfield Vacancies - void rent loss remains a very significant proportion of the trading losses incurred by Abbeyfield Scotland Ltd. Action is being taken through improved promotion and staff restructuring to ensure that losses are minimised.

##### **Health & Safety**

Health and Safety continued to be a priority with Houses in Multiple Occupancy licences renewed, fire risk assessments carried out, and testing of gas, electricity and water supplies completed.

Properties were maintained and improved through the implementation of cyclical and planned programmes of work. Grant funding from Scottish Government allowed adaptations to be carried out to assist tenants with mobility and other problems.

##### **Key Performance Indicators**

The Board recognises the importance of monitoring performance against a range of internal targets as a means of measuring continuous improvement. A number of key performance indicators are included within the Strategy and are the subject of regular monitoring by the Board.

The Board considers that there is still much scope for improvement in the organisation's performance. In relation to void loss, Abbeyfield Scotland Ltd is currently undertaking an extensive review of the procedures currently in place in order to achieve a significant reduction in future years.

ABBNEYFIELD SCOTLAND LIMITED

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2012

Review of Business and Future Developments (Contd.)

The following tables summarise some of the Key Performance Indicators for Abbeyfield Scotland Ltd:

	2010/11 Actual to 31/03/2011	2011/12 Actual to 31/03/2012	2011/12 Budget to 31/03/2012	2011/12 Variance on Budget
<b>Operating Costs as a Percentage of Turnover</b>	%	%	%	%
House Salaries	61	57	53	(4)
Agency Costs	2	4	2	(0)
Reactive/Void Repairs	5	5	4	-
Cyclical Maintenance	6	8	10	3
Planned Maintenance	7	6	9	5
Energy Costs	11	10	10	-
Food Costs	13	11	13	1
Other Direct House Overheads	18	16	17	1
H.O. Salaries, NI, Pension	13	16	12	(2)
Staff Expenses	0	0	1	1
Agency Staffing	0	-	-	-
Professional	4	4	4	(0)
Other H.O.Costs	4	5	6	1
<b>Maintenance Costs per Room</b>	£	£	£	£
Reactive	41	43	35	(8)
Cyclical	500	667	975	308
Planned	583	518	862	344

	2010/11 Actual to 31/03/2011	2011/12 Actual to 31/03/2012	Notes
<b>Housing Management KPIs</b>			
	%	%	
<b>Voids</b>	26	24	
	%	%	
<b>Arrears</b>			
Technical Arrears	2.54	0.19	
Non-Technical Arrears	0.25	1.46	
Former Tenant Arrears	1.42	0.40	
<b>Rooms Let</b>	<b>Units</b>	<b>Units</b>	
At start of period	210	190	(based on 254 units)
Terminations in period	81	79	
Allocations in period	69	53	
At end of period	198	164	(based on 236 units following removal of Thornhill 3/2/12 (9), Dunbar 2/9/11 (7), Johnstone 29/3/12 (9))



ABBNEYFIELD SCOTLAND LIMITED

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2012

Review of Business and Future Developments (Contd.)

	Rolling 12-month period to 31 March 2011		Rolling 12-month period to 31 March 2012	
Human Resources KPIs				
	%		%	
Staff Turnover	10.93		12.18	
Time lost through sickness	5.80		4.86	
	No.		No.	
Total Number of Staff	178		120	
Full Time Equivalent Staff	91		80	

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**REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2012**

**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 Industrial and Provident Societies Acts 1965 to 2002 require 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 judgments 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 enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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.

In so far 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 audit information and to establish that the Housing Association's auditors are aware of that information.

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REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2012

**Statement on 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 mis-statement 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 objectives and the 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;
- 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 control procedures are in place and are being followed and that a general 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.

**Donations**

During the year the Association made charitable donations amounting to £30 (2011 £nil).

**Auditors**

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

**By order of the Board**



JANE GREEN  
Secretary  
15 August 2012

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REPORT BY THE AUDITORS TO THE BOARD OF  
ABBNEYFIELD SCOTLAND LIMITED  
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 9 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

**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 Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association'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 9 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
15 August 2012



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEYFIELD SCOTLAND LIMITED**

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We have audited the financial statements of Abbeyfield Scotland Limited for the year ended 31st March 2012 which comprise an income and expenditure account, statement of total recognised gains and losses, balance sheet, cash flow statement and related notes. 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).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 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 Association and the Association's members as a body, for our audit

### **Respective Responsibilities of Board and Auditors**

As explained more fully in the Statement of Board's Responsibilities the Association's Board are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ABBNEYFIELD SCOTLAND LIMITED**

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**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- the information given in the Report of the Board is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, the Statement of Total Recognised Gains and Losses, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants and  
Statutory Auditors  
GLASGOW  
15 August 2012

# **ABBNEYFIELD SCOTLAND LIMITED**

## **INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012**

	Notes	£	2012 £	£	Restated 2011 £
TURNOVER	2.		3,831,244		2,645,794
Operating Costs	2.		(3,827,172)		(3,649,937)
OPERATING SURPLUS / (DEFICIT)	7.		4,072		(1,004,143)
Interest Receivable and Other Income		31,359		32,544	
			31,359		32,544
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES			35,431		(971,599)

All amounts relate to continuing activities.

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

		2012 £	Restated 2011 £
Surplus/(Deficit) for the financial year		35,431	(971,599)
Gain on Investment	18.	4,805	30,510
Prior year adjustment (as explained in Note 21)		288,322	-
Total gains and losses recognised since last annual report		328,558	(941,089)

# ABBEEYFIELD SCOTLAND LIMITED

## BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	9.(a)		6,829,215		7,439,712
Less: Social Housing Grant	9.(a)		(4,043,507)		(4,272,168)
Other fixed assets	9.(b)		2,785,708		3,167,544
			104,282		140,510
			2,889,990		3,308,054
<b>FIXED ASSET INVESTMENTS</b>					
	18.		536,803		584,142
<b>CURRENT ASSETS</b>					
Debtors	11.	100,324		329,799	
Properties Held for Sale		245,924		-	
Investments	19.	1,863,291		1,505,913	
Cash at bank and in hand		197,248		195,730	
			2,406,787	2,031,442	
<b>CREDITORS: Amounts falling due within one year</b>					
	12.	(383,275)		(513,569)	
<b>NET CURRENT ASSETS</b>					
			2,023,512		1,517,873
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			5,450,305		5,410,069
<b>NET ASSETS</b>					
			5,450,305		5,410,069
<b>CAPITAL AND RESERVES</b>					
Share Capital	14.		392		392
Designated Reserves	15.(a)		2,929,305		2,575,495
Restricted Reserves	15.(c)		261,597		329,182
Revaluation Reserves	15.(d)		143,308		113,668
Revenue Reserves	15.(b)		2,115,703		2,391,332
			5,450,305		5,410,069

The Financial Statements were approved by the Board and signed on their behalf on 15 August 2012.

  
Chairperson

  
Vice-Chairperson

  
Secretary



ABBNEYFIELD SCOTLAND LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
Net Cash Inflow / (Outflow) from Operating Activities	13.		269,225		(878,775)
Returns on Investment and Servicing of Finance					
Interest Received		31,359		32,544	
Net Cash Inflow from Investment and Servicing of Finance			31,359		32,544
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(47,995)		(169,447)	
Purchase of Other Fixed Assets		-		(4,036)	
Social Housing Grant Received		54,160		135,645	
Disposal of Fixed Asset Investments		52,144		17,679	
Net Cash Inflow / (Outflow) from Capital Expenditure and Financial Investment			58,309		(20,159)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing			358,893		(866,390)
Management of Liquid Resources					
Change in short term deposits with banks			(357,378)		(4,193)
Financing					
Share Capital Issued		3		12	
Net Cash Inflow from Financing			3		12
Increase / (decrease) in Cash	13.		1,518		(870,571)

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS

#### 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 2010, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

##### **Turnover**

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

##### **Retirement Benefits**

The pension costs charged in the financial statements represent the contribution payable by the organisation during the period.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and 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 9. 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.

<i>Component</i>	<i>Useful Economic Life</i>
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

# ABBNEYFIELD SCOTLAND LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	-2%
Furniture and Fittings	-20%
Computer Equipment	-33%
Office Equipment	-33%

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.

##### Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

##### Sales Of Housing Properties

Disposals of housing properties are treated as a fixed asset disposal and any gain and loss on disposal is accounted for in the Income and Expenditure Account.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

**Leases/Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet 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.

**Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The Development Fund represents amounts set aside primarily for Abbeyfield Scotland's programme of planned maintenance and for use towards any future development work it may be involved with.

The Bridge of Allan Fund recognises that funds previously set aside by the former society is to be held specifically for the benefit of that house.

The Fraserburgh Fund represents amounts that are to be spent on properties north of Stonehaven.

**Restricted Reserves**

Where legacy income is received with conditions stipulated as to how the 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 16.

# ABBEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2012			2011		
	Notes	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,173,481	3,599,587	(1,426,106)	2,089,050	3,331,732	(1,242,682)
Other Activities	4.	1,657,763	227,585	1,430,178	556,744	318,205	238,539
<b>Total</b>		<b>3,831,244</b>	<b>3,827,172</b>	<b>4,072</b>	<b>2,645,794</b>	<b>3,649,937</b>	<b>(1,004,143)</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2012 Total	Restated 2011 Total
	£	£	£	£	£
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	-	1,984,595	-	1,984,595	1,733,419
Service Charges Receivable	-	908,583	-	908,583	913,504
<b>Gross Rents Receivable</b>	-	2,893,178	-	2,893,178	2,646,923
<b>Less: Rent losses from voids</b>	-	719,697	-	719,697	557,873
<b>Net Rents Receivable</b>	-	2,173,481	-	2,173,481	2,089,050
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
<b>Total Income From Social Letting</b>	-	2,173,481	-	2,173,481	2,089,050
<b>Expenditure on Social Letting Activities</b>					
Service Costs	-	1,206,884	-	1,206,884	1,191,887
Management and maintenance administration costs	-	1,746,202	-	1,746,202	1,602,399
Reactive Maintenance	-	157,006	-	157,006	113,659
Bad Debts - Rents and Service Charges	-	(763)	-	(763)	(10,000)
Planned and Cyclical Maintenance, including Major Repairs	-	354,346	-	354,346	279,668
Depreciation of Social Housing	-	135,912	-	135,912	154,119
Impairment of Housing	-	-	-	-	-
<b>Operating Costs of Social Letting</b>	-	3,599,587	-	3,599,587	3,331,732
<b>Operating Deficit on Social Letting Activities</b>	-	(1,426,106)	-	(1,426,106)	(1,242,682)
<b>2011 (as restated)</b>	-	(1,242,682)	-	-	-

# ABBEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2012 £	Operating Surplus / (Deficit) 2011 £
Development and construction of property activities	-	-	-	-	-	-	71,815	(71,815)	-
Support Activities	-	-	206,352	-	206,352	-	148,092	58,260	70,387
Legacies & Donations	-	-	-	1,447,187	1,447,187	-	-	1,447,187	162,373
Governance Costs	-	-	-	-	-	-	7,678	(7,678)	(7,555)
Other Sundry Activities	-	-	-	4,224	4,224	-	-	4,224	13,334
<b>Total From Other Activities</b>	-	-	206,352	1,451,411	1,657,763	-	227,585	1,430,178	238,539
<b>2011</b>	-	-	381,037	175,707	556,744	-	318,205	238,539	

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Board, managers or servants of the Association.	2012	2011
	£	£
No Officer of the Association received emoluments greater than £60,000.		
Emoluments payable to Chief Executive (excluding pension contributions)	33,229	48,860

#### 6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	80	92
The average total number of Employees employed during the year was	120	173
Staff Costs were:	£	£
Wages and Salaries	1,657,469	1,639,527
Social Security Costs	95,992	111,211
Other Pension Costs	20,752	17,697
Temporary, Agency and Seconded Staff	109,379	70,372
	1,883,592	1,838,807

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	Restated 2011
Surplus / (Deficit) on Ordinary Activities before Taxation is stated after charge	£	£
Depreciation - Tangible Owned Fixed Assets	172,140	229,328
Auditors' Remuneration - Audit Services	<u>7,678</u>	<u>7,501</u>

#### 8. TAX ON SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

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



# ABBEYFIELD SCOTLAND LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 9. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
<b>COST</b>		
As at 1st April 2011- restated		
Additions	9,689,161	9,689,161
Transfer to Current Assets	47,995	47,995
	(779,178)	(779,178)
As at 31st March 2012	8,957,978	8,957,978
<b>DEPRECIATION</b>		
As at 1st April 2011- restated		
Charge for Year	2,249,449	2,249,449
Transfer to Current Assets	135,912	135,912
	(256,598)	(256,598)
As at 31st March 2012	2,128,763	2,128,763
<b>SOCIAL HOUSING GRANT</b>		
As at 1st April 2011- restated		
Additions	4,272,168	4,272,168
Transfer to Current Assets	47,995	47,995
	(276,656)	(276,656)
As at 31st March 2012	4,043,507	4,043,507
<b>NET BOOK VALUE</b>		
As at 31st March 2012	2,785,708	2,785,708
As at 31st March 2011- restated	3,167,544	3,167,544

Additions to housing properties includes capitalised development administration costs of £nil (2011 - £nil) and capitalised major repair costs to existing properties of £nil (2011 - £nil)

All land and housing properties are freehold.

# ABBEEFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 9. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2011- restated	46,781	88,381	1,063,550	1,198,712
Additions	-	-	-	-
Eliminated on Disposals	-	-	-	-
As at 31st March 2012	46,781	88,381	1,063,550	1,198,712
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2011- restated	45,183	22,055	990,964	1,058,202
Charge for year	799	1,768	33,661	36,228
Eliminated on disposal	-	-	-	-
As at 31st March 2012	45,982	23,823	1,024,625	1,094,430
<b>NET BOOK VALUE</b>				
As at 31st March 2012	799	64,558	38,925	104,282
As at 31st March 2011- restated	1,598	66,326	72,586	140,510

#### 10. CAPITAL COMMITMENTS

There were no capital commitments as at 31st March 2012 and 31st March 2011.

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	51,274	75,699
Less: Provision for Doubtful Debts	(15,000)	(50,000)
	<u>36,274</u>	<u>25,699</u>
Social Housing Grant Receivable	8,963	15,128
Loans-due within one year	20,000	29,496
Loans - due in more than one year	25,000	40,000
Corporation Tax Receivable	-	-
Other Debtors	10,087	219,476
	<u>100,324</u>	<u>329,799</u>

The loans included within Debtors were originally made by the Abbeyfield Society for Scotland to member societies. The loans are repayable over periods of up to ten years.

Two loans were outstanding as at 31 March 2012, ranging in value from £20,000 to £25,000. All loans are interest free.

Loans are due to be repaid by the following non-merging societies: Ballachulish and Perth.

#### 12. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade Creditors	241,523	303,432
Rent in Advance	62,983	39,650
Other Taxation and Social Security	29,890	31,771
Other Creditors	23,619	41,881
Accruals and Deferred Income	25,260	96,835
	<u>383,275</u>	<u>513,569</u>

# ABBEEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus / (deficit) to net cash inflow / (outflow) from operating activities</i>	2012 £	Restated 2011 £
Operating Surplus / (Deficit)	4,072	(1,004,143)
Depreciation	172,140	229,328
Change in Debtors	223,310	(39,030)
Change in Creditors	(130,294)	(64,754)
Share Capital Written Off	(3)	(176)
Net Cash Inflow / (Outflow) from Operating Activities	<u>269,225</u>	<u>(878,775)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	Restated 2011 £	£
Increase / (decrease) in Cash	1,518		(870,571)	
Cash flow from management of liquid resources	<u>357,378</u>		<u>4,193</u>	
Movement in net debt during year		358,896		(866,378)
Net debt at 1st April 2011		1,701,643		2,568,021
Net debt at 31st March 2012		<u>2,060,539</u>		<u>1,701,643</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	195,730	1,518	-	197,248
Liquid Resources	195,730	1,518	-	197,248
	<u>1,505,913</u>	<u>(357,378)</u>	-	<u>1,863,291</u>
Net Debt	<u>1,701,643</u>	<u>(355,860)</u>	-	<u>2,060,539</u>

# **ABBEYFIELD SCOTLAND LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **14. SHARE CAPITAL**

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2011	392
Issued in year	3
Cancelled in year	(3)
At 31st March 2012	<u>392</u>

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 ceases 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.

#### **15. RESERVES**

<b>(a) Designated Reserves</b>	<b>Opening Balance £</b>	<b>Transfer (to)/from Revenue Reserve £</b>	<b>Total £</b>
Bridge of Allan Fund	10,088	50	10,138
Development Fund	2,283,083	353,760	2,636,843
Fraserburgh Fund	282,324	-	282,324
At 31st March 2012	<u>2,575,495</u>	<u>353,810</u>	<u>2,929,305</u>

<b>(b) Revenue Reserves</b>	<b>Total £</b>
At 1st April 2011 (restated)	2,391,332
Surplus / (Deficit) for the year	35,431
Transfer (to) / from Revaluation Reserve	(24,835)
Transfer (to) / from Restricted Reserves	67,585
Transfer (to) / from Designated Reserves	(353,810)
At 31st March 2012	<u>2,115,703</u>

<b>(c) Restricted Reserves</b>	<b>Opening Balance £</b>	<b>Transfer (to) /From Revenue Reserve £</b>	<b>Total £</b>
Fairfield Fund	1,477	-	1,477
Forres Fund	312,546	(67,585)	244,961
Awards for All	3,310	-	3,310
Highland Fund	11,749	-	11,749
Airdrie Fund	100	-	100
At 31st March 2012	<u>329,182</u>	<u>(67,585)</u>	<u>261,597</u>

# **ABBNEYFIELD SCOTLAND LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **16. RESERVES (contd.)**

The Fairfield Fund was established in 2004, from a legacy received from the late Mrs Janice Smith. The funds are to be used for the benefit of Fairfield House.

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.

The Awards for All fund has been brought forward from the former Abbeyfield Dalkeith Society.

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 a JW Dyer to be used for the upkeep of the gardens at the Airdrie House.

	Opening Balance	Gain on Investment	Transfer (to) /From Revenue Reserve	Total
	£	£	£	£
(d) Revaluation Reserves				
Investment Revaluation	12,533	4,805	24,835	42,173
Property Revaluation	101,135	-	-	101,135
	<u>113,668</u>	<u>4,805</u>	<u>24,835</u>	<u>143,308</u>

#### **16. HOUSING STOCK**

The number of units of accommodation in management at the year end was:-	<b>2012</b>	<b>2011</b>
Supported Housing	<b>No.</b>	<b>No.</b>
	240	262
	<u>240</u>	<u>262</u>

#### **17. RELATED PARTY TRANSACTIONS**

Members of the Board are related parties of the Association as defined by Financial Reporting Standard 8.

There were no transactions between the organisation and its related parties during the period other than the reimbursement of travel expenses to meetings

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. FIXED ASSET INVESTMENT

	2012	2011
	£	£
Opening Market Value at 1st April 2011	584,142	571,311
Additions at cost	-	-
Unrealised gain / (loss)	4,805	30,510
Disposals	(52,144)	(17,679)
Closing market value at 31st March 2012	<u>536,803</u>	<u>584,142</u>
Historic Cost of Investments		
As at 31st March 2012 & 31st March 2011	<u>494,630</u>	<u>510,858</u>

The investments of the Association comprise a mixture of direct equities, gilts and a number of small managed funds. The investments have been disclosed as fixed assets in the balance sheet as it is the intention of the Board only to sell investments when market conditions dictate.

#### 19. CURRENT ASSET INVESTMENTS

	2012	2011
	£	£
Short Term Deposits	<u>1,863,291</u>	<u>1,505,913</u>

#### 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 £20,753 (2011 - £17,697 ).

# ABBEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. PRIOR YEAR ADJUSTMENT

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies, as follows:

	£
Increase / (Decrease) in Net Book Value of Housing Properties	288,322
Increase / (Decrease) in Net Book Value of Other Fixed Assets	-

The effect of adopting component accounting has been to increase reserves as at 1 April 2010 by £305926.

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £
Housing Property	2,879,222	3,167,544
Office Premises	66,326	66,326
Revenue Reserves	2,391,332	2,679,654
	<hr/>	<hr/>
Housing Depreciation Charge	62,372	154,119
Other Depreciation Charge	75,209	75,209
Major Repairs Charge	353,811	279,668
	<hr/>	<hr/>

The reported deficit in 2011 has been restated by £17604 and now stands at £-941089