

**Abbeyfield Scotland Limited**  
**Report and Financial Statements**  
**For the year ended 31st March 2014**

**Registered Housing Association No. HAL20**

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

**Scottish Charity No. SC012549**

# ABBNEYFIELD SCOTLAND LIMITED

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## **ABBNEYFIELD SCOTLAND LIMITED**

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### **BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2014**

#### **BOARD**

James G Craigie  
Jane Green  
John Costigan  
Peter Furniss  
Charles Armstrong  
David Ritchie  
William Brunton  
John Leggatt  
Irene Christie  
Amanda Ling  
Nance Smith

Chairman  
Secretary (resigned November 2013)  
(resigned March 2014)

Vice Chairman

#### **EXECUTIVE OFFICERS**

Niall Patterson

Chief Executive & Company Secretary

#### **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

## **ABBNEYFIELD SCOTLAND LIMITED**

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### **REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2014**

The Board presents its report and the Financial Statements for the year ended 31st March 2014.

#### **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 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 Conduct Authority and the Scottish Housing Regulator.

#### **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 2014**

#### **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.

The Board enjoyed a period of stability over the last two years and is now planning to replace two long-standing Board members who tendered their resignations in 2014 for reasons of ill-health and other time commitments. James G Craigie was re-elected as Chairman.

The new staffing structure was kept under review, with some changes to Area posts and geography in 2014, which resulted in more effective staff management. Area staff now work from small offices in our houses at Airdrie, Turriff and Inverness.

At 31 March 2014, Abbeyfield Scotland Ltd employed 132 staff based in 25 houses, the Area offices and in Edinburgh.

##### **Partnerships**

Abbeyfield Scotland is affiliated to the Abbeyfield Society. Great progress continued with closer collaboration, both formal and informal, between Abbeyfield Scotland and the other member societies in Scotland.

Cairn Housing Association provides IT services to the organisation while the arrangement with Trust Housing Association for facilities management across the country has been scaled down with resultant cost savings.

##### **Regulation**

Abbeyfield Scotland Ltd is primarily regulated by the Scottish Housing Regulator and the Care Inspectorate. Following its inspection by the Scottish Housing Regulator in December 2011, Abbeyfield Scotland has continued a programme of structured engagement with the Regulator to address a number of issues raised. The Regulator noted in March 2014 that the organisation had reviewed its business model, strategy and plans and had undertaken to keep the Regulator informed of progress at key dates throughout 2014/15.

In the spring of 2014 our housing support services were again inspected by the Care Inspectorate which noted improvements and maintained gradings for our services.

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

The Board confirmed its commitment to review the progress of the current strategy "Foundations for the Future".

- although firm control was exercised over management costs, these proved hard to reduce with the existing geographic spread of activities
- the Board confirmed its expectation that it would dispose of further hard-to-let and other properties which were proven uneconomic to maintain and manage
- agreed on four key market areas in which it will prioritise its activity long-term, including new developments

## ABBNEYFIELD SCOTLAND LIMITED

### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2014

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

##### Strategy and Objectives

- the potential for extending or modernising houses and developing grounds was taken forward
- design studies were undertaken into supplementing, and building new, larger developments of self-contained flatted properties whilst retaining the opportunities for shared living and dining that are key to Abbeyfield
- to look for opportunities to improve the quality of current stock as regards quality and energy-efficiency, building this into the development of new housing.
- offer local solutions to housing need
- introduce alternative models and tenures to meet changing needs

During the year Abbeyfield Scotland completed a key piece of work to review and harmonise its rent and service charge structure and this is being implemented in phases.

In 2014 to date, good progress was made on:

- agreeing the new model of Abbeyfield for a sustainable future
- improving our marketing and communication

##### Risks

Three main strategic risks identified by Abbeyfield Scotland Ltd are:

- improving the demand for Abbeyfield vacancies - rising void rent losses pose an increasing threat to the business plan. Action has been taken through improved promotion and staff restructuring to attempt to minimise losses. However the existing model will be developed and gradually replaced over time with one that will meet changing aspirations and demands.
- 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.
- cuts to public spending - the risk that Supporting People funding will be reduced or withdrawn with an impact on the services which we are able to offer

##### Asset Management

###### *House Closures*

Although no houses were closed in the financial year 2013/14, the Board has undertaken to review the current portfolio for those services that are costly and relatively unpopular. Previously-closed houses at Dalkeith, Arbroath, Dunbar and Cambuslang were sold within the financial year.

## ABBNEYFIELD SCOTLAND LIMITED

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### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2014

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

##### *Keeping our Residents Safe and our Houses Maintained*

This year, we continued with our ongoing programme of planned maintenance and health and safety works to our houses. Projects included:

- Fire risk assessment reviews, gas safety checks, electrical condition reports and portable appliance testing and water hygiene tests and risk assessment reviews, renewal of Houses in Multiple Occupancy (HMO) licences
- External and internal painterwork
- Kitchen replacements
- Stair lift replacements

Grant funding from Scottish Government allowed adaptations, including ramps, wet floor showers, improved lighting, to be carried out to meet the changing needs of tenants with mobility and other problems.

##### *Scottish Housing Quality Standard*

'As a result of investment and planned works, the majority of our properties will meet all elements of the Scottish Housing Quality Standards by 2015 as required by the Scottish Government. There are only 3 exemptions that we believe will be necessary, these relate to works that are physically uneconomical to carry out. The result, for residents should be warmer, better insulated houses.'

#### 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 reports to the Board.

The Board notes the declining performance on voids. This reflects, in part, changing aspirations but also the need to publicise the benefits of the Abbeyfield model more widely.

ABBNEYFIELD SCOTLAND LIMITED

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd.)

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

	2012-2013		2013-2014		2013-2014		2013-2014
	Actual to 31/03/2013		Actual to 31/03/2014		Budget to 31/03/2014		Variance on Budget
Operating Costs as a Percentage of Turnover	%		%		%		%
House Salaries	54		42		42		-
Area Salaries	-		11		10		(1)
Agency Costs	6		4		3		(1)
Reactive/Void Repairs	6		5		4		(1)
Cyclical Maintenance	6		6		7		1
Planned Maintenance	5		5		5		-
Energy Costs	9		7		8		2
Food Costs	12		11		12		1
Other Direct House Overheads	21		13		11		(1)
H.O. Salaries, NI, Pension	15		12		12		-
Staff Expenses	1		-		-		-
Agency Staffing	-		1		-		-
Professional	4		3		3		-
Other H.O. Costs	8		8		8		-
Maintenance Costs per Room	£		£		£		£
Reactive	650		450		337		(113)
Cyclical	643		758		842		84
Planned	508		595		555		(40)



ABBNEYFIELD SCOTLAND LIMITED

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd.)

	2012-2013		2013-2014	
Housing Management KPIs	Actual to 31/03/2013		Actual to 31/03/2014	Notes
	%		%	
<b>Voids</b>	20.00		22.65	
	%		%	
<b>Arrears</b>				
Technical Arrears	0.30		0.30	
Non-Technical Arrears	0.63		0.63	
Former Tenant Arrears	0.10		0.10	
<b>Rooms Let</b>	<b>Units</b>		<b>Units</b>	
At start of period	176		166	
Terminations in period	81		56	
Allocations in period	71		35	
At end of period	166		145	

	Rolling 12-month period to 31 March 2013		Rolling 12-month period to 31 March 2014	
<b>Human Resources KPIs</b>				
	%		%	
<b>Staff Turnover</b>	16.83		20.59	
<b>Time lost through sickness</b>	4.75		4.22	
	<b>No.</b>		<b>No.</b>	
<b>Total Number of Staff</b>	129		132	
<b>Full Time Equivalent Staff</b>	76		75	
<b>Repairs</b>				
<b>Total No. of Repairs Completed</b>	764		674	
<b>% of emergency repairs completed within target</b>	100		85	
<b>Average time to complete:</b>				
Routine repairs (days)	20		10	
Urgent repairs (hours)	48		8	
Non-time-related (days)	16		31	
<b>% of houses meeting SHQS</b>	32		54	

## ABBEYFIELD SCOTLAND LIMITED

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### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2014

#### 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 and 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 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. 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.

## ABBNEYFIELD SCOTLAND LIMITED

### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2014

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#### 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.

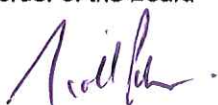
#### Donations

During the year the Association made charitable donations amounting to £Nil (2013: £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



NIALL PATTERSON  
Secretary  
13 August 2014

ABBNEYFIELD SCOTLAND LIMITED

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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".

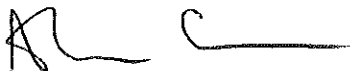
**Basis of Opinion**

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 Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee'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  
13 August 2014

## **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 2014 which comprise an income and expenditure account, statement of 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 87 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 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 work, for this report, or for the opinions we have formed.

### **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 Board's report 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 2014 and of its surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ABBEYFIELD 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  
Statutory Auditors  
GLASGOW

13 August 2014

# ABBNEYFIELD SCOTLAND LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
<b>TURNOVER</b>	2.	3,406,132	2,250,928
Operating Costs	2.	(3,421,040)	(3,627,512)
<b>OPERATING DEFICIT</b>		(14,908)	(1,376,584)
Gain On Sale Of Housing Stock	7.	781,504	431,056
Realised Gain on Investment	-	40,260	
Gain on Sale of Other Fixed Assets	-	134,748	
Interest Receivable and Other Income	22,904	24,747	
		804,408	630,811
<b>SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES</b>		789,500	(745,773)
Tax on surplus / (deficit) on ordinary activities	9.	-	-
<b>SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES</b>	8.	789,500	(745,773)

All amounts relate to continuing activities.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2014 £	2013 £
Surplus/(deficit) for the financial year	789,500	(745,773)
Transfer of Torphins assets	17. -	204,554
<b>Total gains and losses recognised since last annual report</b>	<b>789,500</b>	<b>(541,219)</b>

# ABBNEYFIELD SCOTLAND LIMITED

## BALANCE SHEET AS AT 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	10.(a)		5,793,958		5,681,262
Less: Social Housing Grant	10.(a)		(3,549,962)		(3,440,142)
			2,243,996		2,241,120
Other fixed assets	10.(b)		28,799		46,023
			2,272,795		2,287,143
<b>CURRENT ASSETS</b>					
Debtors	13.	160,173		140,785	
Properties Held for Sale		344,885		682,300	
Investments	20.	3,026,780		1,991,340	
Cash at bank and in hand		303,276		115,864	
			3,835,114	2,930,289	
<b>CREDITORS: Amounts falling due within one year</b>	14.	(409,506)		(308,458)	
<b>NET CURRENT ASSETS</b>			3,425,608		2,621,831
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,698,403		4,908,974
<b>NET ASSETS</b>			5,698,403		4,908,974
<b>CAPITAL AND RESERVES</b>					
Share Capital	16.		209		280
Designated Reserves	17.(a)		2,929,398		2,929,356
Revenue Reserves	17.(b)		2,499,259		1,616,606
Restricted Reserves	17.(c)		269,537		261,597
Revaluation Reserves	17.(d)		-		101,135
			5,698,403		4,908,974

The Financial Statements were approved by the Board and signed on their behalf on 13 August 2014.

Chairman

James G. Craigie

Board Member

Secretary



**ABBEYFIELD SCOTLAND LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2014**

	Notes	£	2014 £	£	2013 £
Net Cash Inflow / (Outflow) from Operating Activities	15.		265,246		(1,308,416)
Returns on Investment and Servicing of Finance					
Interest Received		17,106		24,747	
Net Cash Inflow from Investment and Servicing of Finance			17,106		24,747
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(242,545)		(61,455)	
Purchase of Other Fixed Assets		(920)		(24,069)	
Social Housing Grant Received		64,146		14,248	
Social Housing Grant Repaid		880		-	
Transfer of Bank and Cash from Torphins		-		82,665	
Proceeds on Disposal of Fixed Asset Investments		-		577,063	
Proceeds on Disposal of Properties		1,118,918		557,127	
Proceeds on Disposal of Other Fixed Assets		-		184,697	
Net Cash Inflow from Capital Expenditure and Financial Investment			940,479		1,330,276
Net Cash Inflow before use of Liquid Resources and Financing			1,222,831		46,607
Management of Liquid Resources					
Change in short term deposits with banks			(1,035,440)		(128,049)
Financing					
Share Capital Issued		21		58	
Net Cash Inflow from Financing			21		58
Increase / (decrease) in Cash	15.		187,412		(81,384)

# ABBEYFIELD SCOTLAND LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### 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 Determination of Accounting Requirements 2012. A summary of the more important accounting policies are 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 contributions 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 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.

<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

# ABBEYFIELD SCOTLAND LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### 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.

##### Sale of Housing Properties

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

## ABBNEYFIELD SCOTLAND LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

#### 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 are 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 17.

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2014			2013		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,300,245	2,684,326	(384,081)	1,982,373	2,881,231	(898,858)
Other Activities	4.	1,105,887	736,714	369,173	268,555	746,281	(477,726)
Total		3,406,132	3,421,040	(14,908)	2,250,928	3,627,512	(1,376,584)

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

	General Needs Housing £	Supported Housing £	Shared ownership £	2014 Total £	2013 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	-	2,030,787	-	2,030,787	1,612,013
Service Charges Receivable	-	1,004,869	-	1,004,869	952,245
Gross Rents Receivable	-	3,035,656	-	3,035,656	2,564,258
Less: Rent losses from voids	-	735,411	-	735,411	581,885
Total Income From Social Letting	-	2,300,245	-	2,300,245	1,982,373
Expenditure on Social Letting Activities					
Service Costs	-	880,017	-	880,017	988,198
Management and maintenance administration costs	-	1,283,590	-	1,283,590	1,314,602
Reactive Maintenance	-	116,424	-	116,424	147,810
Bad Debts - Rents and Service Charges	-	(7,557)	-	(7,557)	17,251
Planned and Cyclical Maintenance, including Major Repairs	-	286,044	-	286,044	281,524
Depreciation of Social Housing	-	125,808	-	125,808	131,846
Operating Costs of Social Letting	-	2,684,326	-	2,684,326	2,881,231
Operating Deficit on Social Letting Activities	-	(384,081)	-	(384,081)	(898,858)
2013	-	(898,858)	-		

# ABBEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### 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) 2014	Operating Surplus / (Deficit) 2013
	£	£	£	£	£	£	£	£	£
Support Activities	-	-	211,469	-	211,469	-	720,753	(509,284)	(583,839)
Governance Costs	-	-	-	-	-	-	15,961	(15,961)	(10,664)
Legacies and Donations	-	-	-	883,752	883,752	-	-	883,752	116,777
Other Sundry Activities	-	-	-	10,666	10,666	-	-	10,666	-
<b>Total From Other Activities</b>	<b>-</b>	<b>-</b>	<b>211,469</b>	<b>894,418</b>	<b>1,105,887</b>	<b>-</b>	<b>736,714</b>	<b>369,173</b>	<b>(477,726)</b>
<b>2013</b>	<b>-</b>	<b>-</b>	<b>151,778</b>	<b>116,777</b>	<b>268,555</b>	<b>-</b>	<b>746,281</b>	<b>(477,726)</b>	

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

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.

2014                      2013

£                              £

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>55,299</u>	<u>53,689</u>
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#### 6. EMPLOYEE INFORMATION

2014                      2013

No.                              No.

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

<u>75</u>	<u>79</u>
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The average total number of Employees employed during the year was

<u>132</u>	<u>129</u>
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Staff Costs were:

£                              £

Wages and Salaries	1,477,303	1,533,692
Social Security Costs	94,172	93,746
Other Pension Costs	25,612	26,110
Temporary, Agency and Seconded Staff	116,633	158,482

<u>1,713,720</u>	<u>1,812,030</u>
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# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK		
	2014	2013
	£	£
Sales Proceeds	1,118,918	557,127
Cost of Sales	(337,414)	(126,071)
Gain On Sale Of Housing Stock	<u>781,504</u>	<u>431,056</u>

8. SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES		
	2014	2013
	£	£
Surplus / (Deficit) on Ordinary Activities is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	143,953	184,106
Auditors' Remuneration - Audit Services	15,961	8,220
- Other Services	5,262	-
Operating Lease Rentals - Land & Buildings	37,000	44,760
Operating Lease Rentals - Other	5,947	2,722
Gain on sale of fixed assets	<u>-</u>	<u>(134,748)</u>

### 9. 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.



# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 10. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
<b>COST</b>		
As at 1st April 2013	7,351,072	7,351,072
Additions	242,545	242,545
Disposals	(99,532)	(99,532)
As at 31st March 2014	7,494,085	7,494,085
<b>DEPRECIATION</b>		
As at 1st April 2013	1,669,810	1,669,810
Charge for Year	125,809	125,809
Eliminated on disposal	(95,492)	(95,492)
As at 31st March 2014	1,700,127	1,700,127
<b>DEPRECIATED COST</b>		
As at 31st March 2014	5,793,958	5,793,958
As at 1st April 2013	5,681,262	5,681,262
<b>SOCIAL HOUSING GRANT</b>		
As at 1st April 2013	3,440,142	3,440,142
Additions	113,860	113,860
Disposals	(4,040)	(4,040)
As at 31st March 2014	3,549,962	3,549,962
<b>NET BOOK VALUE</b>		
As at 31st March 2014	2,243,996	2,243,996
As at 31st March 2013	2,241,120	2,241,120

Additions to housing properties includes capitalised development administration costs of £nil (2013 - £nil) and capitalised major repair costs to existing properties of £125,544 (2013 - £42,180)

All land and housing properties are freehold.

# ABBEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

b) Other Tangible Assets	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2013	48,869	15,881	1,076,599	1,141,349
Additions	920	-	-	920
Eliminated on Disposals	-	-	(231,789)	(231,789)
As at 31st March 2014	49,789	15,881	844,810	910,480
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2013	47,477	1,590	1,046,259	1,095,326
Charge for year	1,003	318	16,823	18,144
Eliminated on disposal	-	-	(231,789)	(231,789)
As at 31st March 2014	48,480	1,908	831,293	881,681
<b>NET BOOK VALUE</b>				
As at 31st March 2014	1,309	13,973	13,517	28,799
As at 31st March 2013	1,392	14,291	30,340	46,023

#### 11. CAPITAL COMMITMENTS

There were no capital commitments as at 31st March 2014 and 31st March 2013.

#### 12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2014 £	2013 £
Land and Buildings		
Expiring between two and five years	37,000	44,760
Other		
Expiring between two and five years	5,558	2,722
Expiring in over five years	389	-

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. DEBTORS

	2014	2013
	£	£
Arrears of Rent & Service Charges	14,169	31,300
Less: Provision for Doubtful Debts	(6,000)	(15,000)
	<u>8,169</u>	<u>16,300</u>
Social Housing Grant Receivable	72,786	23,071
Loans - due within one year	10,000	20,000
Loans - due in more than one year	10,000	10,000
Other Debtors and Prepayments	59,218	71,414
	<u>160,173</u>	<u>140,785</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.

One loan was outstanding as at 31 March 2014, totaling £20,000. The loan is interest free.

The loan is due to be repaid by the non-merging society, Ballachulish.

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

	2014	2013
	£	£
Trade Creditors	222,660	189,306
Rent in Advance	21,138	34,996
Other Taxation and Social Security	25,181	29,889
Other Creditors	58,217	35,955
Accruals and Deferred Income	82,310	18,312
	<u>409,506</u>	<u>308,458</u>

At the balance sheet date there were pension contributions outstanding of £3,812 (2013 - £2,895)

# ABBNEYFIELD SCOTLAND LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15 CASH FLOW STATEMENT

<i>Reconciliation of operating deficit to net cash inflow / (outflow) from operating activities</i>	2014 £	2013 £
Operating Deficit	(14,908)	(1,376,584)
Depreciation	143,953	184,106
Change in Debtors	36,125	(26,353)
Change in Creditors	100,168	(89,415)
Share Capital Written Off	(92)	(170)
Net Cash Inflow / (Outflow) from Operating Activities	<u>265,246</u>	<u>(1,308,416)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2014 £	£	2013 £	£
Increase / (decrease) in Cash	187,412		(81,384)	
Cash flow from management of liquid resources	<u>1,035,440</u>		<u>128,049</u>	
Movement in net funds during year		1,222,852		46,665
Net funds at 1st April 2013		<u>2,107,204</u>		<u>2,060,539</u>
Net funds at 31st March 2014		<u>3,330,056</u>		<u>2,107,204</u>

<i>Analysis of changes in net funds</i>	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	115,864	187,412	-	303,276
Liquid Resources	1,991,340	1,035,440	-	3,026,780
Net funds	<u>2,107,204</u>	<u>1,222,852</u>	<u>-</u>	<u>3,330,056</u>

# **ABBNEYFIELD SCOTLAND LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014**

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

#### **16. SHARE CAPITAL**

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	280
Issued in year	21
Cancelled in year	(92)
At 31st March 2014	<u>209</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.

#### **17. RESERVES**

(a) Designated Reserves	Opening Balance £	Transfer (to)/from Revenue Reserve £	Total £
Bridge of Allan Fund	10,189	42	10,231
Development Fund	2,636,843	-	2,636,843
Fraserburgh Fund	282,324	-	282,324
At 31st March 2014	<u>2,929,356</u>	<u>42</u>	<u>2,929,398</u>

(b) Revenue Reserves	Total £
At 1st April 2013	1,616,606
Surplus for the year	789,500
Transfer (to)/from Revaluation Reserves	101,135
Transfer (to)/from Restricted Reserves	(7,940)
Transfer (to)/from Designated Reserves	(42)
At 31st March 2014	<u>2,499,259</u>

(c) Restricted Reserves	Opening Balance £	Transfer (to)/from Revenue Reserve £	Total £
Fairfield Fund	1,477	-	1,477
Forres Fund	244,961	-	244,961
Awards for All Fund	3,310	-	3,310
Highland Fund	11,749	-	11,749
Airdrie Fund	100	-	100
Abbeyfield North Berwick Friends Fund	-	7,311	7,311
Killlearn Fund	-	629	629
At 31st March 2014	<u>261,597</u>	<u>7,940</u>	<u>269,537</u>

# **ABBNEYFIELD SCOTLAND LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014**

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

#### **17. 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.

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 funds 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 (Mr Simon Edington) and Secretary (Mr Eric Crichton) 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 Ms Ann Boyd on behalf of the late Mrs Margaret Melklejohn. Ms Ann Boyd chose to donate the credit on her late mother's rent account for the benefit of the Killearn residents.

#### **(d) Revaluation Reserves**

	Opening Balance	Transfer (to)/from Revenue Reserve	Total
	£	£	£
Property Revaluation	101,135	(101,135)	-
At 31st March 2014	101,135	(101,135)	-

#### **18. HOUSING STOCK**

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

2014 No.	2013 No.
211	207

# ABBNEYFIELD SCOTLAND LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. 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.

## 20. CURRENT ASSET INVESTMENTS

	2014	2013
	£	£
Short Term Deposits	3,026,780	1,991,340

## 21. 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 £25,612 (2013 - £26,110).