

**Abbeyfield Scotland Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**Registered Housing Association No.HAL20**

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

**Scottish Charity No. SC012549**

# ABBNEYFIELD SCOTLAND LIMITED

## CONTENTS

	Page
MEMBERS OF THE BOARD EXECUTIVES AND ADVISERS	1
REPORT OF THE BOARD	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	11
REPORT OF THE AUDITORS	12
INCOME AND EXPENDITURE ACCOUNT	14
BALANCE SHEET	15
CASH FLOW STATEMENT	16
NOTES TO THE FINANCIAL STATEMENTS	17

## **ABBNEYFIELD SCOTLAND LIMITED**

---

### **BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2015**

#### **BOARD**

James G Craigie	Chairman
Peter Furniss	
Charles Armstrong	Resigned 17/09/14
David Ritchie	Resigned 10/12/14
William Brunton	
John Leggatt	
Irene Christie	
Amanda Ling	
Nance Smith	Vice-chair and Company Secretary
Ian Craig	Joined 17/09/14
Kevin Toner	Joined 17/09/14
Jean Henretty	Joined 15/04/15

#### **EXECUTIVE OFFICERS**

Niall Patterson	Chief Executive
-----------------	-----------------

#### **REGISTERED OFFICE**

14 New Mart Road  
Edinburgh  
EH14 1RL

#### **AUDITORS**

Alexander Sloan  
Chartered Accountants  
1 Atholl Place  
Edinburgh  
EH3 8HP

#### **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

---

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2015

The Board presents its report and the Financial Statements for the year ended 31st March 2015.

**Legal Status**

Abbeyfield Scotland Limited is a Registered Social Landlord and is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 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**

---

### **REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2015**

#### **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 welcomed two new members at the AGM in September 2014, Kevin Toner and Ian Craig, to replace long-standing Board member Charles Armstrong who tendered his resignation, and David Ritchie who resigned later in 2014. Another Board member, Jean Henretty, took up a casual vacancy on the Board in April 2015. The Board went on to re-elect James G Craigie as Chairman and Nance Smith as Vice-Chair and Company Secretary, with Peter Furniss continuing to chair the Audit Committee.

At 31 March 2015, Abbeyfield Scotland Ltd employed 126 staff based in 23 houses, the Area office and in Edinburgh.

##### **Partnerships**

Abbeyfield Scotland is affiliated to the Abbeyfield Society. It has two members, James G. Craigie and Nance Smith, serving on the board of Abbeyfield Societies in Scotland Ltd, which exists to promote collaboration 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.

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

In April 2015, the Board approved its Strategic Plan 2015-2020, Reshaping Services for Later Life, built around its vision for Abbeyfield Scotland to be acknowledged as an exemplary provider of care services for older people who value their independence.

This strategy sets out a new direction for Abbeyfield Scotland; managing its assets and developing the business to ensure that Abbeyfield remains a viable, relevant and successful option into the long term.

This will be achieved by:

- developing a sustainable new model of Abbeyfield living, building on a distinct target market
- concentration on new development in key locations, specifically Aberdeen, Aberdeenshire, East Lothian, Stirling and Clackmannanshire and also considering possibilities in East Renfrewshire and East Dunbartonshire subject to demonstrated demand and opportunity
- a limited programme of remodelling existing services and properties
- improving the organisation's performance, by developing its people, improving service quality, developing governance and reviewing its cost base

Communication of the strategy commenced with Abbeyfield staff and the Scottish Housing Regulator will continue throughout 2015.

## ABBEYFIELD SCOTLAND LIMITED

### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2015

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

#### Risk Management

The following significant areas of risk have been identified for particular attention:

RISK	CONTROLLING ACTION
Failure to identify viable product mix <i>(e.g. services don't fit with trend to personalisation)</i>	Develop and test new models of service, based on market analysis, customer profiling and financial appraisal
Expenditure not matched by income	Prepared balance revenue budget
Run out of cash or cash not available when needed	Monitor and manage Cash Flow
Failure to improve CI gradings / Drop-off in resident satisfaction	Housing support and service improvement plan
Voides exceed target	Plan for promotion (Marketing plan), stock and service improvements (Remodelling of stock and services)
Incident of major fraud	Policy and preventative measures in place
Failure to meet obligations, loss of life / health, prosecution	Strong compliance monitoring of H&S obligations
Management and staff disengaged from transition	Internal communications plan
Lack of, loss of key skills and knowledge required	Succession plans for staff at all levels
Inadequate business systems and processes	Undertake Business Improvement Plan inc ICT Strategy
Inappropriate, unsafe or unauthorised decisions made by staff	Review policies on rolling three-year basis. Investment in, and delivery of rolling programme of training and development
Loss of control over progress of Strategic Plan	Quarterly review of progress against qualitative and quantitative KPIs by Board
Recruitment difficulties	External communications plan
Failure of building fabric / unfitness	Regular stock condition survey and planned maintenance programme
Significant increase in regulatory burden	Review current registrations / regulatory regimes
Preserve reputation over period of change	Media handling process and PR plan in place

#### Asset Management

##### Lenzie remodelling

The house at Lenzie underwent an extensive refurbishment and modernisation programme of approximately £300,000. The investment in the house, which is home to 10 residents, includes a new extension which contains a platform lift for access to the upper floors, increased room sizes and brand new en-suites which have been carefully designed in a contemporary style to suit older people's needs.

## ABBNEYFIELD SCOTLAND LIMITED

---

### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2015

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

The programme was sensitively carried out to reflect the significant character of the Victorian house. Abbeyfield Scotland was able to secure grant funding for some of the costs through the Stage 3 adaptation funding stream. The organisation is seeking to invest in other houses across Scotland to modernise the service for its residents.

#### House Closures

Two houses at Falkirk and Motherwell were closed in the financial year 2014/15 following consultation with residents, staff and stakeholders. A number of houses are under review in relation to their long-term sustainability on grounds of cost and popularity.

Previously-closed houses at Fairfield, Kyles of Bute and Thornhill were sold within the financial year. Resources from sale will be reinvested in remodelling of services and properties across the stock portfolio.

#### Keeping Residents Safe and Houses Maintained

The year continued with the ongoing programme of planned maintenance and health and safety works to the 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

Abbeyfield Scotland is pleased to say that, as a result of investment and planned works, all its properties met all elements of the Scottish Housing Quality Standards by May 2015 as required by the Scottish Government. Only 3 exemptions were declared as these relate to works that are physically uneconomical to carry out. The result, for residents is warmer, better insulated houses with resultant savings realised on energy costs.

#### *Developing our People*

#### Investment in staff

2014/15 saw the first year of implementing a three-year training plan covering a wide range of necessary areas including health and safety, understanding dementia, and recruitment and diversity. Staff were also assisted to pursue the necessary SVQs in relation to care and support, with a training grant for £12,000 being received to pay for the pursuit of some of these SVQs.

## ABBNEYFIELD SCOTLAND LIMITED

---

### REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2015

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

##### Volunteers

A volunteer convention was held in August 2014 to strengthen links with the many volunteers and Friends groups supporting the Abbeyfield Experience across Scotland. This also served to launch the Volunteer Strategy.

##### *Service Quality*

##### Awards and recognitions

##### *Killearn's Queen's Award for Voluntary Service*

The Friends of Abbeyfield, Killearn won the Queen's Award for Voluntary Service in 2014. This is the highest award given to volunteer groups across the UK and was a fitting recognition for the service rendered by the volunteer group.

##### *Lockerbie recognition at National Housing for Older People Awards 2014*

Following on from our Nairn house's winning Gold as the Best UK Retirement Housing Scheme under 24 units in 2013, Lockerbie was Commended in the same category in 2014.

##### Regulation

Abbeyfield Scotland Ltd is primarily regulated by the Scottish Housing Regulator and the Care Inspectorate. It took part in an inspection by the Scottish Housing Regulator in December 2011, leading to a programme of structured engagement with the Regulator to address areas raised. It publishes a Regulation Plan for landlords with which it wishes to engage and again agreed a medium level of engagement with Abbeyfield Scotland for 2015/16.

The housing support services were again inspected by the Care Inspectorate which noted improvements and maintained the current overall gradings for Abbeyfield Scotland's services.

##### Policy review programme

A rolling programme of policy reviews was undertaken through the year.

##### *Marketing*

An improved brand identity for Abbeyfield Scotland was rolled out across stationery, signage and other materials. Various improvements were made to the website and others are ongoing.

A programme of local and national profile-raising, both of individual houses and Abbeyfield's contribution to tackling social isolation were delivered.

Abbeyfield Scotland raised over £1,000 of the total £2.6 million raised for the STV Appeal by hosting a Knit-a-thon at the houses across Scotland. Three of the Abbeyfield knitters appeared on the STV Appeal show on 9th October 2014.



# ABBEEYFIELD SCOTLAND LIMITED

## REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2015

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

#### *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 changing aspirations and the emphasis on care at home. It is also a challenge to Abbeyfield Scotland's promotion of the undoubted benefits of the Abbeyfield experience in providing high quality support and care in a homely setting.

The following table summarises some of the key performance indicators for Abbeyfield Scotland Ltd

	2013-2014 Actual to 31/03/2014	2014-2015 Actual to 31/03/2015	2014-2015 Budget to 31/03/2015	2014-2015 Variance on Budget
<b>Operating Costs as a Percentage of Turnover</b>	%	%	%	%
House Salaries	42	44	47	2
Area Salaries	11	13	13	-
Agency Costs	4	6	5	(1)
Reactive/Void Repairs	5	4	4	-
Cyclical Maintenance	6	8	8	1
Planned Maintenance	5	5	3	(2)
Energy Costs	7	6	8	2
Food Costs	11	10	10	1
Other Direct House Overheads	13	11	9	(3)
H.O. Salaries, NI, Pension	12	13	13	-
Staff Expenses	-	-	-	-
H.O. Agency Staffing	1	-	-	-
Professional	3	3	2	(1)
Other H.O.Costs	8	10	12	3
<b>Maintenance Costs per Room</b>	£	£	£	£
Reactive	450	331	358	27
Cyclical	758	909	994	85
Planned	595	588	325	(262)

ABBNEYFIELD SCOTLAND LIMITED

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd.)

	2013-2014		2014-2015	
Housing Management KPIs	Actual to 31/03/2014		Actual to 31/03/2015	Notes
	%		%	
Voids	22.65		30.68	
	%		%	
Arrears				
Technical Arrears	0.17		0.18	
Non-Technical Arrears	0.10		0.17	
Former Tenant Arrears	0.16		0.04	
Rooms Let	Units		Units	
At start of period	166		145	
Terminations in period	56		57	
Allocations in period	35		47	
At end of period	145		135	

	Rolling 12-month period to 31 March 2014		Rolling 12-month period to 31 March 2015	
Human Resources KPIs				
	%		%	
Staff Turnover	20.59		15.88	
Time lost through sickness	4.22		6.98	
	No.		No.	
Total Number of Staff	132		126	
Full Time Equivalent Staff	75		72	
Repairs				
Total No. of Repairs Completed	674		689	
Average no. of reactive repairs completed per occupied property	-		6.05	
% of emergency repairs completed within target	85		83	
% of reactive repairs completed right first time	-		96	
% of properties that require a gas safety record which had a gas safety check and record completed by the anniversary date	-		96	
Average time to complete:				
Routine repairs (days)	10		9	
Urgent repairs (hours)	8		10	
Non-time-related (days)	31			
% of houses meeting SHQS	54		84	

---

**REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2015**

**Board and Executive Officers**

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

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

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

**Statement of Board's Responsibilities**

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

- select suitable accounting policies and then apply them consistently;
- make 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.

---

REPORT OF THE BOARD  
FOR THE YEAR ENDED 31ST MARCH 2015

**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:

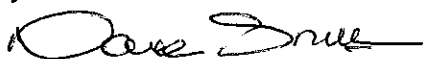
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility 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;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Auditors**

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

By order of the Board



NANCE SMITH  
Secretary  
26 August 2015

---

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

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the 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 10 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
26 August 2015

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

---

We have audited the financial statements of Abbeyfield Scotland Limited for the year ended 31st March 2015 which comprise an income and expenditure account, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 2015 and of its deficit 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.

### **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.

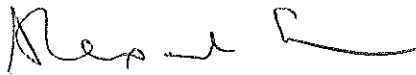
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ABBNEYFIELD SCOTLAND LIMITED**

---

**Matters on which we are required to report by exception (contd.)**

- 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, 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  
26 August 2015

# ABBNEYFIELD SCOTLAND LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		2,542,061		3,406,132
Operating Costs	2.		(3,448,545)		(3,421,040)
OPERATING DEFICIT	8.		(906,484)		(14,908)
Gain On Sale Of Housing Stock	7.	417,424		781,504	
Interest Receivable and Other Income		15,170		22,904	
			432,594		804,408
(DEFICIT) / SURPLUS FOR THE YEAR ON ORDINARY ACTIVITIES			(473,890)		789,500

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

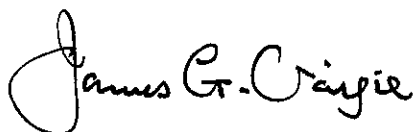


# ABBEEFIELD SCOTLAND LIMITED

## BALANCE SHEET AS AT 31st MARCH 2015

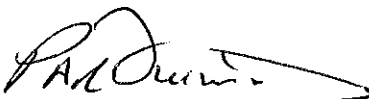
	Notes	2015	2014
		£	£
<b>TANGIBLE FIXED ASSETS</b>			
Housing Properties - Depreciated Cost	10.(a)	5,664,652	5,793,958
Less: Social Housing Grant	10.(a)	(3,648,171)	(3,549,962)
		<u>2,016,481</u>	<u>2,243,996</u>
Other fixed assets	10.(b)	25,836	28,799
		<u>2,042,317</u>	<u>2,272,795</u>
<b>CURRENT ASSETS</b>			
Debtors	13.	188,346	160,173
Properties Held for Sale		268,316	344,885
Investments	20.	2,736,835	3,026,780
Cash at bank and in hand		327,140	303,276
		<u>3,520,637</u>	<u>3,835,114</u>
<b>CREDITORS: Amounts falling due within one year</b>	14.	(338,444)	(409,506)
<b>NET CURRENT ASSETS</b>		<u>3,182,193</u>	<u>3,425,608</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,224,510</u>	<u>5,698,403</u>
<b>NET ASSETS</b>		<u>5,224,510</u>	<u>5,698,403</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	16.	206	209
Designated Reserves	17.(a)	2,929,434	2,929,398
Revenue Reserves	17.(b)	2,033,657	2,499,259
Restricted Reserves	17.(c)	261,213	269,537
		<u>5,224,510</u>	<u>5,698,403</u>

The Financial Statements were approved by the Board and signed on their behalf on 26 August 2015.



Chairman

James G Craigie



Board Member

Peter Furniss



Vice-Chair  
and Secretary

Nance Smith

**ABBNEYFIELD SCOTLAND LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2015**

	Notes	£	2015 £	£	2014 £
Net Cash (Outflow) / Inflow from Operating Activities	15.		(812,936)		265,246
Returns on Investment and Servicing of Finance					
Interest Received		15,170		17,106	
Net Cash Inflow from Investment and Servicing of Finance			15,170		17,106
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties	(311,332)		(242,545)		
Purchase of Other Fixed Assets	(4,400)		(920)		
Social Housing Grant Received	85,105		64,146		
Social Housing Grant Repaid	-		880		
Proceeds on Disposal of Properties	762,310		1,118,918		
Net Cash Inflow from Capital Expenditure and Financial Investment			531,683		940,479
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing			(266,083)		1,222,831
Management of Liquid Resources					
Change in short term deposits with banks			289,945		(1,035,440)
Financing					
Share Capital Issued		2		21	
Net Cash Inflow from Financing			2		21
Increase in Cash	15.		23,864		187,412

# ABBNEYFIELD SCOTLAND LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### 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 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 charges in the financial statements represent the contributions payable by the organisation during the period.

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

Housing Properties are stated at cost, less 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 note10. 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

---

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### 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 property are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

## ABBNEYFIELD SCOTLAND LIMITED

---

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### 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 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 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2015			2014		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	2,296,112	2,729,141	(433,029)	2,300,245	2,684,326	(384,081)
Other Activities	4.	245,949	719,404	(473,455)	1,105,887	736,714	369,173
Total		2,542,061	3,448,545	(906,484)	3,406,132	3,421,040	(14,908)

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

	General Needs Housing	Supported Housing	Shared ownership	2015 Total	2014 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	-	2,390,927	-	2,390,927	2,030,787
Service Charges Receivable	-	987,923	-	987,923	1,004,869
Gross Rents Receivable	-	3,378,850	-	3,378,850	3,035,656
Less: Rent losses from voids	-	1,082,738	-	1,082,738	735,411
Total Income From Social Letting	-	2,296,112	-	2,296,112	2,300,245
Expenditure on Social Letting Activities					
Service Costs	-	869,672	-	869,672	880,017
Management and maintenance administration costs	-	1,334,997	-	1,334,997	1,283,590
Reactive Maintenance	-	90,497	-	90,497	116,424
Bad Debts - Rents and Service Charges	-	-	-	-	(7,557)
Planned and Cyclical Maintenance, including Major Repairs	-	315,840	-	315,840	286,044
Depreciation of Social Housing	-	118,135	-	118,135	125,808
Operating Costs of Social Letting	-	2,729,141	-	2,729,141	2,684,326
Operating Deficit on Social Letting Activities	-	(433,029)	-	(433,029)	(384,081)
2014	-	(384,081)	-	(384,081)	

# ABBIEFIELD SCOTLAND LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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) 2015 £	Operating Surplus /(Deficit) 2014 £
Support Activities	-	-	150,721	-	150,721	-	710,048	(559,327)	(509,284)
Governance Costs	-	-	-	-	-	-	9,356	(9,356)	(15,961)
Legacies and Donations	-	-	56,470	-	56,470	-	-	56,470	883,752
Other Sundry Activities	-	-	38,758	-	38,758	-	-	38,758	10,666
<b>Total From Other Activities</b>	-	-	<b>245,949</b>	-	<b>245,949</b>	-	<b>719,404</b>	<b>(473,455)</b>	<b>369,173</b>
<b>2014</b>	-	-	<b>211,469</b>	<b>894,418</b>	<b>1,105,887</b>	-	<b>736,714</b>	<b>369,173</b>	

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### 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.

2015	2014
£	£

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

Emoluments payable to Chief Executive (excluding pension contributions)	<u>55,868</u>	<u>55,299</u>
---	---------------	---------------

#### 6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>72</u>	<u>75</u>

The average total number of Employees employed during the year was	<u>126</u>	<u>132</u>
--	------------	------------

Staff Costs were:	£	£
Wages and Salaries	1,512,441	1,477,303
Social Security Costs	101,314	94,172
Other Pension Costs	59,739	25,612
Temporary, Agency and Seconded Staff	136,518	116,633
	<u>1,810,012</u>	<u>1,713,720</u>



# **ABBNEYFIELD SCOTLAND LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

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

#### **7. GAIN ON SALE OF HOUSING STOCK**

	2015	2014
	£	£
Sales Proceeds	762,310	1,118,918
Cost of Sales	344,886	337,414
Gain On Sale Of Housing Stock	417,424	781,504

#### **8. (DEFICIT) / SURPLUS FOR THE YEAR ON ORDINARY ACTIVITIES**

	2015	2014
	£	£
(Deficit) / Surplus on Ordinary Activities is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	125,498	143,953
Auditors' Remuneration - Audit Services	9,356	15,961
- Other Services	-	5,262
Operating Lease Rentals - Land & Buildings	30,250	37,000
Operating Lease Rentals - Other	4,916	5,947

#### **9. TAX ON (DEFICIT) / SURPLUS 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 2015

### 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 2014	7,494,085	7,494,085
Additions	311,332	311,332
Disposals	(707,303)	(707,303)
As at 31st March 2015	7,098,114	7,098,114
<b>DEPRECIATION</b>		
As at 1st April 2014	1,700,127	1,700,127
Charge for Year	102,650	102,650
Disposals	(369,315)	(369,315)
As at 31st March 2015	1,433,462	1,433,462
<b>SOCIAL HOUSING GRANT</b>		
As at 1st April 2014	3,549,962	3,549,962
Additions	152,395	152,395
Disposals	(54,186)	(54,186)
As at 31st March 2015	3,648,171	3,648,171
<b>NET BOOK VALUE</b>		
As at 31st March 2015	2,016,481	2,016,481
As at 31st March 2014	2,243,996	2,243,996

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £311,332 (2014 £125,544)

All land and housing properties are freehold.

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### 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 2014	49,789	15,881	844,810	910,480
Additions	3,287	-	1,113	4,400
As at 31st March 2015	53,076	15,881	845,923	914,880
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2014	48,480	1,908	831,293	881,681
Charge for year	2,098	318	4,947	7,363
As at 31st March 2015	50,578	2,226	836,240	889,044
<b>NET BOOK VALUE</b>				
As at 31st March 2015	2,498	13,655	9,683	25,836
As at 31st March 2014	1,309	13,973	13,517	28,799

#### 11. CAPITAL COMMITMENTS

As at 31st March 2015 there were capital commitments totalling £133,541. There were no capital commitments at 31st March 2014.

#### 12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
<b>Land and Buildings</b>		
Expiring between two and five years	37,000	37,000
<b>Other</b>		
Expiring between two and five years	5,558	5,558
Expiring in over five years	389	389

## ABBNEYFIELD SCOTLAND LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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

#### 13. DEBTORS

	2015 £	2014 £
Arrears of Rent & Service Charges	14,058	14,169
Less: Provision for Doubtful Debts	(6,000)	(6,000)
	<u>8,058</u>	<u>8,169</u>
Social Housing Grant Receivable	140,077	72,786
Other Debtors and Prepayments	30,211	59,218
Loans - due within one year	10,000	10,000
Loans - due in more than one year	-	10,000
	<u>188,346</u>	<u>160,173</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 2015, totaling £10,000. 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

	2015 £	2014 £
Trade Creditors	219,345	222,660
Rent in Advance	13,214	21,138
Other Taxation and Social Security	26,349	25,181
Other Creditors	22,517	58,217
Accruals and Deferred Income	57,019	82,310
	<u>338,444</u>	<u>409,506</u>

At the balance sheet date there were pension contributions outstanding of £3,657 (2014 £3,812)

# ABBNEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 15. CASH FLOW STATEMENT

<i>Reconciliation of operating deficit to net cash (outflow) / inflow from operating activities</i>	2015 £	2014 £
Operating Deficit	(906,484)	(14,908)
Depreciation	125,498	143,953
Change in Debtors	39,118	36,125
Change in Creditors	(71,062)	100,168
Share Capital Written Off	(6)	(92)
Net Cash (Outflow) / Inflow from Operating Activities	<u>(812,936)</u>	<u>265,246</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	23,864		187,412	
Cash flow from management of liquid resources	<u>(289,945)</u>		<u>1,035,440</u>	
Movement in net debt during year		(266,081)		1,222,852
Net debt at 1st April 2014		3,330,056		2,107,204
Net debt at 31st March 2015		<u>3,063,975</u>		<u>3,330,056</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	303,276	23,864	-	327,140
Liquid Resources	303,276	23,864	-	327,140
	3,026,780	(289,945)	-	2,736,835
Net Debt	<u>3,330,056</u>	<u>(266,081)</u>	-	<u>3,063,975</u>

# ABBEYFIELD SCOTLAND LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	209
Issued in year	3
Cancelled in year	(6)
At 31st March 2015	<u>206</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	10,231	36	10,267
Development Fund	2,636,843	-	2,636,843
Fraserburgh Fund	282,324	-	282,324
At 31st March 2015	<u>2,929,398</u>	<u>36</u>	<u>2,929,434</u>

##### (b) Revenue Reserves

	Total £
At 1st April 2014	2,499,259
(Deficit) / Surplus for the year	(473,890)
Transfer (to)/from Designated Reserves	(36)
Transfer (to)/from Restricted Reserves	8,324
At 31st March 2015	<u>2,033,657</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	(4,000)	7,749
Airdrie Fund	100	-	100
Abbeyfield North Berwick Friends Fund	7,311	-	7,311
Killearn Fund	629	-	629
Dock Park Fund	-	463	463
At 31st March 2015	<u>269,537</u>	<u>(8,324)</u>	<u>261,213</u>

## ABBEYFIELD SCOTLAND LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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

##### 17. RESERVES (cont.)

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 Meiklejohn. Ms Ann Boyd chose to donate the credit on her late mother's rent account for the benefit of the Killearn residents.

The Dockpark Fund was established in March 2015 from a donation received from Lorna McKerrow on behalf of the late Mr Malcolm MacLeod. Ms McKerrow chose to donate the credit of £463.44 on her late father's rent account for the benefit of the Dockpark house.

##### 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
	No.	No.
Supported Housing	187	211
	<u>187</u>	<u>211</u>

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### 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

	2015	2014
	£	£
Short Term Deposits	<u>2,736,835</u>	<u>3,026,780</u>

#### 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 £59,739 (2014 - £25,612).