

ABBNEYFIELD SCOTLAND LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2017

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ABBNEYFIELD SCOTLAND LIMITED

BOARD, EXECUTIVES and ADVISERS

Year ended 31 March 2017

Board

James G Craigie (Chairman)
John Leggatt (resigned September 2016)
Irene Christie
Nance Smith (Vice Chair and Company Secretary)
Ian Craig
Kevin Toner
Jean Henretty (resigned 23 May 2017)
Hazel Allen
Libby Anderson
Helen Barclay (appointed 21 June 2017)

Executive Officers

Niall Patterson (Chief Executive)

Registered Office

14 New Mart Road
Edinburgh
EH14 1RL

Auditors

Alexander Sloan
Chartered Accountants
50 Melville Street
Edinburgh
EH3 7HF

Solicitors

T C Young, Solicitors
7 West George Street
Glasgow
G2 1BA

Finance Agents

Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD

For the year ended 31 March 2017

The Board presents its report and the Financial Statements for the year ended 31 March 2017.

Legal Status

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

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

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 older people.

REVIEW of BUSINESS and FUTURE DEVELOPMENTS

Our Strategic Aims

Our Vision

Abbeyfield Scotland is acknowledged as an exemplary provider of care services for older people who value their independence.

Our Mission

We are committed to managing our assets and developing the business to ensure that Abbeyfield remains a viable, relevant and successful option into the future.

Our Strategic Objectives

Abbeyfield Scotland's strategic objectives are:

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

Abbeyfield Scotland now has a wholly-owned subsidiary, Crandeen Ltd to carry out activities of a non-charitable nature which will allow Abbeyfield to meet its objectives.

Managed Property

The table below shows our stock:

	2016/17	2015/16
within 16 Abbeyfield Houses:		
non-self-contained properties	142	141
self-contained properties	16	16
properties leased to Crandeen Ltd for private retirement rental	0 (5 projected for 2017/18)	0
Total	158	157

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2017

Financial Review

Despite an increase in its overall deficit to £451,142 (2015/16 – deficit of £432,156) Abbeyfield continued the managed reduction of its operating deficit to £644,428 (2015/16 - £896,385) via a successful programme to reduce operating costs and improve rental income through increased occupancy.

Abbeyfield Scotland is fortunate in carrying no debts and having increased an already healthy cash reserve to £2.85m (2015/16 - £2.22m).

However, the challenge of maintaining the quality of our homes and providing for their remodelling and redevelopment now and in the future continues to be substantial. In recent years we have invested to ensure all non-exempt properties met the Scottish Housing Quality Standard (SHQS) by 2015. Meeting the Energy Efficiency Standard for Social Housing (EESH) by 2020 is a further mandatory requirement although it is reassuring that 71% of our properties to which EESH is applicable already meet the Standard.

The sum of £273,000 has been budgeted for repairs, planned and cyclical maintenance in 2017/18 and £56,000 on redecoration and internal improvements. Further investment to improve access and facilities will be supported by adaptations grants from Scottish Government.

Early in 2016/17 Board approved an investment of £1.6m in the purchase of properties for lease to Crandeen Ltd for the purpose of private retirement rentals.

The managed improvements in the 2016/17 outturn have been carried forward to the 2017/18 budget with a programme to achieve a break-even position by 2020/21.

Development and Performance

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

Corporate Governance

Abbeyfield Scotland Ltd is governed by a voluntary Board which is elected by the members of Abbeyfield Scotland. It is the responsibility of the Board to set the strategy, policy and overall direction for Abbeyfield. The Board numbered 8 at 31 March 2017 following the resignation of long-serving member John Leggatt at the 2016 AGM following which the Board went on to re-elect James G Craigie as Chairman and Nance Smith as Vice-Chair and Company Secretary.

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

Abbeyfield Scotland Ltd is primarily regulated by the Scottish Housing Regulator and the Care Inspectorate. The Scottish Housing Regulator publishes a Regulation Plan for landlords with which it wishes to engage and again agreed a medium level of engagement with Abbeyfield Scotland for 2016/17.

Operational Review

Following a reconfiguration of its stock in 2015, Abbeyfield Scotland commenced a review of the structure that supports front-line delivery at each Abbeyfield House. This review was undertaken to:

- improve the quality of management and support to house staff
- improve our service to our customers
- build stronger stakeholder relationships locally and promote Abbeyfield's services
- improve our performance

The resulting revised Area structure completed implementation in 2016/17 and realised improvements in the profile of Abbeyfield, occupancy rates, financial performance, support and supervision of staff and procurement under the leadership of the Service Manager. Some of these improvements are reflected in the improved inspection gradings from the Care Inspectorate and in the reported financial results.

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2017

Development and Performance (continued)

Partnerships

In February 2017 Abbeyfield Scotland established a subsidiary trading organisation called Crandeen Ltd to develop and manage new products and services to meet the changing demands and needs of older people. Crandeen is not registered with the Scottish Housing Regulator. The board of Crandeen Ltd currently has two members appointed by Abbeyfield Scotland and an independent member. The board complement is planned to expand with its activity into 2017. Arrangements for control of the wholly-owned subsidiary are governed by the Intragroup Agreement between the parties.

Abbeyfield Scotland is affiliated to the Abbeyfield Society. In Scotland a grouping called Abbeyfield Societies in Scotland Ltd exists to promote collaboration between the various Abbeyfield member societies in Scotland (of which Abbeyfield Scotland is much the largest). Abbeyfield Scotland has two members serving on its board: James G. Craigie and Nance Smith.

Cairn Housing Association provides IT services to the organisation whilst the management of repairs in partnership with Trust Housing Association came to an end on 31 March 2017 with its successful transfer in-house to Abbeyfield Scotland.

Performance

Resident consultation

Resident satisfaction surveys are undertaken annually. Residents are also surveyed periodically - the most recent being a key element in research commissioned from Arneil Johnston. Information from the surveys has been fed directly into our review of our services in existing locations and further discussions with residents. Overall satisfaction in 2016/17 with their Abbeyfield services was reported by 96.8% of respondents while 92.7% reported satisfaction with quality of their home (90% responded).

Allocations and Income maximisation

Void rental loss for retained houses was 17.4% of rent and service charges receivable (2015/16 – 17.9%). Under close scrutiny by Board and management, our actions in this crucial regard have been to raise local and national awareness of Abbeyfield's services with improved targeted promotional activity supplemented by local and corporate marketing.

Rent arrears at 31 March 2017 remained, amounting to 0.73% of the annual gross rent due (2015/16 – 0.56%).

Responsive repairs

Category	Performance Measure	Target	2016/17	2015/16
Emergency	Average time to complete	5 hours	10.3 hours	10.2 hours
Non-Emergency	Average time to complete	6 days	5.7 days	4.32 hours

Despite slippage in average time to complete response time, the in-house management of repairs will enable much closer management of repairs from 2017/18 and improvements are anticipated.

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2017

Development and Performance (continued)

Service Quality

A history of success with the National Housing for Older People Awards continued with our Park House, Bridge of Allan taking Silver and Abbeyfield House, Coatbridge being Highly Commended in the category of Best UK Retirement Housing Scheme under 25 units.

Our housing support services were again inspected by the Care Inspectorate in the Central area. The improvements noted resulted in a further increase in the overall gradings for Abbeyfield Scotland's services as follows:

Quality of Care and Support	5 Very Good
Quality of Staffing	4 Good

Health & Safety

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

Gas safety

Unfortunately Abbeyfield Scotland fell short of the legal requirement that all properties have evidence to show that a gas safety check has been undertaken and recorded by the anniversary date. In one house the new contractor failed to check one item, a gas hob, rendering our performance at 92.85% compliance (2015/16 – 100%)

In order to ensure this does not happen again, all gas safety checks will be completed in September, several months before their anniversary date and each contractor will be provided again with a comprehensive list of all equipment that requires to be checked.

Fire safety

Fire safety training is undertaken by all staff at least yearly and evacuation tests are carried out regularly at all premises.

In 2017/18 a round of fire risk assessment reviews is being carried out at all our stock by our new contractor. Board will also approve an updated fire safety policy.

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

Asset Management

Abbeyfield Scotland reviews its asset management strategy on a regular basis and an important element in the reconfiguration of the business has been the closure over several years of a number of unsustainable properties.

Our people and our houses are vital assets and the performance of our houses is kept under close appraisal. The results of this appraisal feed directly into our programmes of reconfiguring and remodelling services and the redevelopment of our properties.

House Closures

Following a process of options appraisal and consultation with residents, staff and stakeholders seven Abbeyfield houses had been closed in the previous financial year. This was prompted by their sustained level of vacancies and high running costs. Properties at Hawick, Airdrie and Biggar were subsequently sold during the year to 31 March 2017, while four vacant houses were held scheduled for sale and one tenanted property remained to be transferred or closed and sold.

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2017

Development and Performance (continued)

Resources from sale will be reinvested in remodelling and development of services and properties.

Maintaining our Houses

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

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

Significant works included an element of the extension to the Lenzie house and the comprehensive replacement of telecare equipment.

Grant funding from Scottish Government also allowed adaptations, including ramps and wet floor showers to be carried out to meet the changing needs of tenants affected by mobility and other issues.

Investment in New Property and Services

After long and detailed consideration of the market and its development options the Board of Abbeyfield Scotland approved an investment of £1.6m, to be made subsequent to the reporting year-end of 31 March 2017, in the purchase of properties for lease to its Crandeen Ltd subsidiary for the purpose of private retirement rentals. These properties are located in the Countesswells development area of Aberdeen.

Board also agreed a business plan that included the development of a homecare service to be offered to residents at Countesswells and in the surrounding areas. Work towards this will be ongoing with a view to launch in 2017/18.

People Management

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

2016/17 saw the continuation of the current 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.

By the end of March every staff member was digitally linked across Scotland (each with email address, IT training, laptop access) with benefits already including skills development, improved communication, empowerment and efficiency.

At 31 March 2017, Abbeyfield Scotland Ltd employed 85 staff based in 16 houses, the Area office and in Edinburgh. The sickness absence rate improved to 5.43% (2015/16 – 6.44%). Long term absence has been a bigger issue than short term absence and there continues to be no discernible pattern. The reasons underlying vary greatly.

Marketing

Abbeyfield Scotland's marketing efforts are aimed at ensuring that Abbeyfield remains an attractive and sustainable offering for older people. As such we prioritise communication with current residents, the general public, our regulators, development and care partners, health and social care partnerships and local authority planners.

In 2016/17 the now-traditional range of house promotional events was supported by a new marketing plan which was implemented in full – from strategic marketing priorities (including delivery of a new and attractive website and a stakeholder management plan) to local activities.

Risk Management

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

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

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

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

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

Budgetary process

Each year the Board approves five-year budgets and a rolling three-year strategic plan. Key risk areas are identified. Performance is monitored by way of monthly management accounts and relevant action taken throughout the year through quarterly reporting to the Board on variances from the budget and updated forecasts for the year. Approval procedures are in place for areas of major risk such as tenders and major expenditure.

Going Concern

Based on the budgetary processes detailed above, the Board has a reasonable expectation that Abbeyfield Scotland has adequate resources to continue in operational existence for the foreseeable future. We continue to adopt the going concern basis of accounting in preparing the financial statements.

Future Prospects

Abbeyfield Scotland is fully focussed on developing a more economic business model that will allow it to achieve its mission and strategic aims and realise its vision.

The financial viability of Abbeyfield's core business is achievable in the short-medium term and the Board will continue to take the steps necessary to its fundamental transformation to a sustainable, attractive and valued provider of services to older people.

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.

REPORT of the BOARD (continued)

For the year ended 31 March 2017

Statement of Board's Responsibilities

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

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the preventions and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

Insofar as the Board are aware:

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

Statement of Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objects and progress being made towards achieving the financial plans set for the year and for the medium term;

REPORT of the BOARD (continued)

For the year ended 31 March 2016

Statement of Internal Financial Control (continued)

- 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 2017. 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

16 August 2017

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 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the 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 pages 8-9 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
Edinburgh

16 August 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ABBEYFIELD SCOTLAND LIMITED

For the year ended 31 March 2017

We have audited the financial statements of Abbeyfield Scotland Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom.

This report is made solely to the Association's members, as a body, in accordance with 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 the Board and Auditors

As explained more fully in the Statement of Board's Responsibilities the Association's Board is 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 2017 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 2014 and the Determination of Accounting Requirements 2015.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ABBNEYFIELD SCOTLAND LIMITED

For the year ended 31 March 2017

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 Board's Report 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 Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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
Edinburgh

16 August 2017

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	£	2017 £	£	2016 £
Turnover	2		2,260,572		2,476,650
Operating costs	2		(2,905,000)		(3,373,035)
Operating deficit	8		(644,428)		(896,385)
Gain on sale of housing stock	7	177,780		445,571	
Interest receivable and other income		15,506		18,658	
			193,286		464,229
Deficit for the year			(451,142)		(432,156)

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

The notes on pages 17 to 28 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2017

	Share Capital £	Revenue Reserves £	Restricted Reserves £	Total £
Balance at 1 April 2016	186	4,872,614	261,213	5,134,013
Movement in share capital	(16)	-	-	(16)
Surplus from statement of total comprehensive income	-	(451,142)	-	(451,142)
Balance at 31 March 2017	170	4,421,472	261,213	4,682,855
	=====	=====	=====	=====
Balance at 1 April 2015	206	5,304,770	261,213	5,566,189
Movement in share capital	(20)	-	-	(20)
Surplus from statement of total comprehensive income	-	(432,156)	-	(432,156)
Balance at 31 March 2016	186	4,872,614	261,213	5,134,013
	=====	=====	=====	=====

The notes on pages 17 to 28 form part of these financial statements

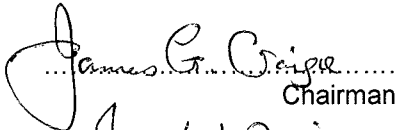
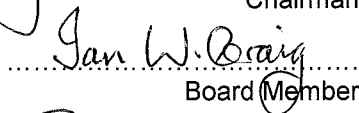
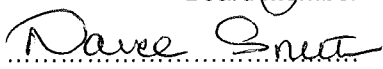
ABBEYFIELD SCOTLAND LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	£	2017 £	£	2016 £
Tangible fixed assets					
Housing Properties – Depreciated cost	10(a)		2,675,637		2,715,051
Other fixed assets	10(b)		22,309		6,160
Investments	10(c)		1		-
			<hr/>		<hr/>
			2,697,947		2,721,211
Current assets					
Debtors	13	104,036		111,244	
Properties held for sale		303,916		702,676	
Term deposits	20	-		702,383	
Cash at bank and in hand	23	2,852,279		2,222,010	
			<hr/>	<hr/>	
			3,260,231	3,738,313	
Creditors: Amounts falling due within one year	14	(276,336)		(285,490)	
			<hr/>	<hr/>	
Net current assets			2,983,895		3,452,823
			<hr/>		<hr/>
Total assets less current liabilities			5,681,842		7,174,034
			<hr/>		<hr/>
Creditors: Amounts falling due after one year	15		998,987		1,040,021
			<hr/>		<hr/>
Net assets			4,682,855		5,134,013
			<hr/>		<hr/>
Capital and reserves					
Share capital	16		170		186
Revenue reserves	17(a)		4,421,472		4,872,614
Restricted reserves	17(b)		261,213		261,213
			<hr/>		<hr/>
			4,682,855		5,134,013
			<hr/>		<hr/>

The financial statements were approved by the Board and signed on their behalf on 16 August 2017.

	James G Craigie
Chairman	
	Ian Craig
Board Member	
	Nance Smith
Vice-Chair and Secretary	

The notes on pages 17 to 28 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT of CASHFLOWS

For the year ended 31 March 2017

	Note	2017 £	2016 £
Net cash generated from operating activities	22	(576,413)	(851,054)
		-----	-----
Cash flows from investing activities			
Purchase of tangible fixed assets		(87,747)	(8,682)
Grants received		-	-
Proceeds from sale of fixed assets		576,540	701,496
(Increase)/decrease in deposits with banks		702,383	(2,383)
Interest receivable		15,506	18,658
		-----	-----
Net change in cash and cash equivalents in the year		630,269	(141,965)
Cash and cash equivalents at the beginning of the year		2,222,010	2,363,975
		-----	-----
Cash and cash equivalents at the end of the year		2,852,279	2,222,010
		=====	=====

The notes on pages 17 to 28 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2017

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP 2014 and the Determination of Accounting Requirements 2015".

Legal Status

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

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

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice – Accounting by Registered Social Landlords 2014 and on the historical cost basis. They also comply with Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Turnover

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

Retirement benefits

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

Valuation of housing properties

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

Principal accounting policies (continued)

Valuation of housing properties (continued)

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

Depreciation and Impairment of Other 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

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

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

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

Sales of Housing Properties

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

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation of Development Overheads

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

Development Interest

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

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

Principal accounting policies (continued)

Cash and Cash Equivalents

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

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

Estimation Uncertainty

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

Rent Arrears – Bad Debt Provision

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

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

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

2. Particulars of turnover, cost of sales, operating costs and operating surplus

			2017	Operating surplus/ (deficit)		2016	Operating surplus/ (deficit)
	Notes	Turnover	Operating costs	(deficit)	Turnover	Operating costs	(deficit)
		£	£	£	£	£	£
Social lettings	3	2,154,990	2,326,839	(171,849)	2,245,534	2,649,052	(403,518)
Other activities	4	105,582	578,161	(472,579)	231,116	723,983	(492,867)
Total		2,260,572	2,905,000	(644,428)	2,476,650	3,373,035	(896,385)
		=====	=====	=====	=====	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

3. Particulars of income and expenditure from social lettings

	General Needs housing £	Supported housing £	Shared ownership £	2017 Total £	2016 Total £
Income from lettings					
Rent receivable net of identifiable service Charges	-	1,805,243	-	1,805,243	2,045,134
Service charges receivable	-	648,383	-	648,383	817,768
Gross rents receivable	-	2,453,626	-	2,453,626	2,862,902
<u>Less:</u> Rent losses from voids	-	424,614	-	424,614	723,514
	-	2,029,012	-	2,029,012	2,139,388
Grants released from deferred income	-	42,840	-	42,840	42,906
Other revenue grants	-	83,138	-	83,138	63,240
Total income from social letting	-	2,154,990	-	2,154,990	2,245,534
Expenditure on social letting activities					
Service costs	-	580,800	-	580,800	746,985
Management and maintenance administration costs	-	1,313,127	-	1,313,127	1,328,676
Reactive maintenance	-	89,403	-	89,403	114,996
Bad debts – rents and service charges	-	-	-	-	763
Planned and cyclical maintenance, including major repairs	-	241,126	-	241,126	356,797
Depreciation of social housing	-	102,383	-	102,383	100,835
Operating costs of social letting	-	2,326,839	-	2,326,839	2,649,052
Operating deficit on social letting activities	-	(171,849)	-	(171,849)	(403,518)
2016	-	(403,518)	-	(403,518)	

ABBAYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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) 2017 £	Operating Surplus/ (deficit) 2016 £
Support activities	-	-	89,135	-	89,135	-	566,655	(477,520)	(589,372)
Governance costs	-	-	-	-	-	-	11,506	(11,506)	(8,120)
Legacies and donations	-	-	-	13,303	13,303	-	-	13,303	52,575
Other sundry activities	-	-	-	3,144	3,144	-	-	3,144	52,050
Total from other activities	-	-	89,135	16,447	105,582	-	578,161	(472,579)	(492,867)
2016	-	-	126,491	104,625	231,116	-	723,983	(492,867)	

Included in the 'Operating Costs – Other' of £566,655 above are the total costs of providing personal services to residents, above the provision of housing support. Direct grant income from Local Authorities to fund these services is shown above at £89,135. Monthly charges to residents include a charge for personal services and this is shown as £648,383 income under 'Income from Lettings' (Note 3).

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

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.

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

	2017	2016
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	64,595	58,001
	=====	=====

Key management personnel are the Chief Executive and the Head of Housing Operations and their total compensation was £120,851 (2016: £106,978). In addition Chiene + Tait acted as finance agents and were paid £61,088 (2016: £42,799).

6. Employee information

	2017	2016
	£	£
The average monthly number of full-time equivalent persons employed during the year was	50	62
	=====	=====
The average total number of employees employed during the year was	90	113
	=====	=====

Staff costs were:

Wages and salaries	1,189,742	1,474,684
Social security costs	75,737	88,559
Other pension costs	57,969	64,545
Temporary, agency and seconded staff	31,739	66,916
	-----	-----
	1,355,187	1,694,704
	=====	=====

Included within the wages and salaries for the year ended 31 March 2017 is £32,689 (2016: £57,197) of severance costs.

7. Gain on sale of housing stock

	2017	2016
	£	£
Sales proceeds	576,540	701,496
Cost of sales	398,760	255,925
	-----	-----
Gain on sale of housing stock	177,780	445,571
	=====	=====

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

	2017	2016
	£	£
(Deficit)/surplus on ordinary activities is stated after charging:		
Depreciation - Tangible fixed assets	109,752	107,386
Auditors' remuneration - Audit services	9,000	8,120
- Other services	-	-
Operating lease rentals - Land and buildings	37,000	37,000
- Other	5,924	5,948
	=====	=====

ABBEYFIELD SCOTLAND LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2017****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.

10. Tangible fixed assets

	Housing Properties Held for Letting £
(a) Housing properties	
Cost	
As at 1 April 2016	4,650,951
Additions	62,969
Disposals	-

As at 31 March 2017	4,713,920

Depreciation	
As at 1 April 2016	1,935,900
Charge for year	102,383
Disposals	-

As at 31 March 2017	2,038,283

Net book value	
As at 31 March 2017	2,675,637
	=====
As at 31 March 2016	2,715,051
	=====

Additions to housing properties includes capitalised development administration costs of £Nil (2016: £Nil) and capitalised major repair costs to existing properties of £62,969 (2016: £8,682).

All land and housing properties are freehold.

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

10. Tangible fixed assets

	Computer Equipment	Office Premises	Furniture and Equipment	Total
	£	£	£	£
(b) Other tangible assets				
Cost				
As at 1 April 2016	53,076	-	803,316	856,392
Additions	-	-	24,777	24,777
Disposals	-	-	-	-
As at 31 March 2017	53,076	-	828,093	881,169
Aggregate depreciation				
As at 1 April 2016	51,980	-	798,252	850,232
Charge for year	1,096	-	7,532	8,628
Disposals	-	-	-	-
As at 31 March 2017	53,076	-	805,784	858,860
Net book value				
As at 31 March 2017	-	-	22,309	22,309
As at 31 March 2016	1,096	-	5,064	6,160

	2017	2016
	£	£
(c) Investments		
Cost		
as at 1 April 2016	-	-
Additions during year	1	-
At 31 March 2017	1	-

Abbeyfield Scotland Limited owns one share which is 100% of the share capital of Crandeen Limited a dormant company and the aggregate capital and reserves is £1.

11. Capital Commitments

	2017	2016
	£	£
Capital expenditure that has been contracted for but not provided for in the financial statements	1,599,225	nil
Capital expenditure authorised but not contracted for	nil	nil

The Board of Abbeyfield Scotland approved an investment of £1.6m, to be made subsequent to the reporting year-end of 31 March 2017, in the purchase of properties for lease to its Crandeen Ltd subsidiary for the purpose of private retirement rentals.

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

12. Commitments under operating leases

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

	2017	2016
	£	£
Not later than one year	27,507	42,924
Between one and five years	8,103	35,610
	-----	-----
Total	35,610	78,534
	=====	=====

13. Debtors

	2017	2016
	£	£
Arrears of rent and service charges	17,807	16,466
<u>Less:</u> Provision for doubtful debts	(6,000)	(6,000)
	-----	-----
	11,807	10,466
Social Housing Grant receivable	16,075	46,686
Other debtors and prepayments	76,154	54,092
	-----	-----
	104,036	111,244
	=====	=====

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	101,194	124,222
Rent in advance	3,765	7,645
Other taxation and social security	20,041	21,329
Other creditors	42,046	37,976
Accruals and deferred income	68,189	51,412
Deferred Housing Association Grant	41,100	42,906
	-----	-----
	276,335	285,490
	=====	=====

At the balance sheet date there were pension contributions outstanding of £20,409 (2016: £15,635).

15. Creditors: amounts falling due after one year

	2017	2016
	£	£
Deferred Housing Association Grant	998,987	1,040,021
	=====	=====
Within one year	41,100	42,906
Due between one and two years	41,100	42,906
Due between two and five years	123,300	128,718
Due after five years	834,587	868,397
	-----	-----
	1,040,087	1,082,927
Less: included in current liabilities above	41,100	42,906
	-----	-----
	998,987	1,040,021
	=====	=====

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

16. Share capital

	£
Shares of £1 each issued and fully paid	
At 1 April 2016	186
Issued in year	2
Cancelled in year	(18)

At 31 March 2017	170
	=====

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

17. Reserves

	£
(a) Revenue reserve	
At 1 April 2016	4,872,614
(Deficit) for the year	(451,142)
Transfer (to)/from Restricted reserves	-

At 31 March 2017	4,421,472
	=====

	Opening reserve £	Transfer (to)/from revenue Total £	£
(b) Restricted reserves balance			
Forres Fund	244,961	-	244,961
Highland Fund	7,749	-	7,749
Airdrie Fund	100	-	100
Abbeyfield North Berwick Friends Fund	7,311	-	7,311
Killearn Fund	629	-	629
Dock Park Fund	463	-	463
	-----	-----	-----
At 31 March 2017	261,213	-	261,213
	=====	=====	=====

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 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 J W 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.

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

17. Reserves (continued)

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

1. The funds would be used exclusively for the benefit of residents of the North Berwick Abbeyfield Home but would not be used for anything which would otherwise have been covered by normal monthly expenditure or which would benefit any one resident alone;
2. The former Chair (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 Dock Park 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:
Supported housing

2017	2016
No.	No.
140	139
=====	=====

19. Related party transactions

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

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

20. Term deposits

Fixed term deposit (over 100 days)

2017	2016
£	£
-	702,383
=====	=====

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 £57,969 (2016: £64,545).

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

22. Net cash generated from operating activities

	2017	2016
	£	£
Deficit for the year	(451,142)	(432,156)
<i>Adjustment for non-cash items:</i>		
Depreciation of tangible fixed assets	111,011	107,015
Gain on sale of fixed assets	(177,780)	(445,571)
Decrease in trade and other debtors	7,208	77,102
(Decrease)/increase in trade and other creditors	(7,348)	(95,860)
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(42,840)	(42,906)
Interest receivable	(15,506)	(18,658)
Share capital written off	(18)	(22)
Issue of share capital	2	2
	-----	-----
Net cash flow from operating activities	(576,413)	(851,054)
	=====	=====

23. Cash and cash equivalents

	At		At 31
	1 April	Movement	March
	2016	in year	2017
	£	£	£
Cash at bank and in hand	2,222,010	630,269	2,852,279
	=====	=====	=====