

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

**ABBAYFIELD SCOTLAND LIMITED**  
**REPORT and FINANCIAL STATEMENTS**  
**For the year ended 31 March 2018**



## ABBNEYFIELD SCOTLAND LIMITED

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**ABBNEYFIELD SCOTLAND LIMITED**

**BOARD, EXECUTIVES and ADVISERS**

**Year ended 31 March 2018**

**Board**

James G Craigie (Chairman)  
Irene Christie  
Nance Smith (Vice Chair and Company Secretary)  
Ian Craig (resigned 14 February 2018)  
Kevin Toner (resigned 20 September 2017)  
Jean Henretty (resigned 23 May 2017)  
Hazel Allen (resigned 29 November 2017)  
Libby Anderson  
Helen Barclay (appointed 21 June 2017)  
Alan Kent (appointed 18 October 2017)  
Ken Robertson (appointed 29 November 2017)  
David White (appointed 14 February 2018)  
Jean Henretty (resigned 23 May 2017)

**Executive Officers**

Niall Patterson (Chief Executive) to April 2018  
Karen Barr (Interim Chief Executive) from April 2018

**Registered Office**

14 New Mart Road  
Edinburgh  
EH14 1RL

**Auditors**

Alexander Sloan  
Accountants and Business Advisers  
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 2018

The Board presents its report and the Financial Statements for the year ended 31 March 2018.

#### **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 Ltd (The Group) is acknowledged as an exemplary provider of care and support services for people who value their independence.

##### Our Mission

We are committed to managing our assets and developing the business to ensure that Abbeyfield and its subsidiaries remain a viable, relevant and successful option for housing and services into the future.

##### Our Strategic Objectives

The Group's strategic objectives are:

- to develop a sustainable new model of living and services, building on a distinct target market
- to concentrate on new developments using new models of service delivery and considering the best use of current stock alongside this
- to engage in a programme of remodelling existing properties and structures
- to improve the organisation's performance, by developing its people, improving service quality, delivery high quality services to larger groups and developing strategic options

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

#### **Managed Property**

The table below shows our stock:

	2017/18	2016/17
within 15 Abbeyfield Houses:		
non-self-contained properties	122	142
self-contained properties	12	16
properties leased to Crandeen Ltd for private rental	5	0
Total	139	158



## **ABBEYFIELD SCOTLAND LIMITED**

### **REPORT of the BOARD (continued)**

#### **For the year ended 31 March 2018**

##### **Financial Review**

There was an overall surplus of £885,614 (2016/17 – deficit of £451,142) and continued a managed reduction of its operating deficit to £61,626 (2016/17 - £644,428) 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 a healthy cash reserve of £1.7m (2016/17 - £2.85m).

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 64.3% of our properties to which EESH is applicable already meet the Standard.

The sum of £257,873 has been budgeted for repairs, planned and cyclical maintenance in 2018/19 and £55,000 on redecoration and internal improvements. Further investment to improve access and facilities will be supported by adaptations grants from Scottish Government.

Early in 2017/18 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 2017/18 outturn have been carried forward to the 2018/19 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. At the 2017 AGM the Board re-elected James G Craigie as Chairman and Nance Smith as Vice-Chair and Company Secretary and the Board numbered 8 at 31 March 2018.

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

The Chief Executive for the current reporting year left the post at the end of the financial year. The incoming Chief Executive is tasked with a review of the Organisation's Business Plan from 2018/2019 onwards, working with the regulatory authorities in meeting Abbeyfield's objectives and governance requirements.

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 2017/18.

## ABBNEYFIELD SCOTLAND LIMITED

### REPORT of the BOARD (continued)

#### For the year ended 31 March 2018

#### 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 people who are busy, ill, disabled, lonely or older. Crandeen is not registered with the Scottish Housing Regulator. The board of Crandeen Ltd currently has two members appointed by Abbeyfield Scotland and three independent members. The board complement is planned to expand with its activity into 2018/2019. 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 by far 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.

##### Performance

###### *Resident consultation*

Resident satisfaction surveys are undertaken annually.

Overall satisfaction in 2017/18 with their Abbeyfield services was reported by 98.75% of respondents while 95.0% reported satisfaction with quality of their home (80% responded).

###### *Allocations and Income maximisation*

Void rental loss for retained houses was 18.1% of rent and service charges receivable (2016/17 – 17.4%). 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 2018 remained, amounting to 1.32% of the annual gross rent due (2016/17 – 0.73%).

###### *Responsive repairs*

Category	Performance Measure	Target	2017/18	2016/17
Emergency	Average time to complete	5 hours	3.85 hours	10.3 hours
Non-Emergency	Average time to complete	6 days	4.98 hours	5.7 days

The in-house management of repairs has enabled much closer management of repairs from 2017/18 resulting in improvements to response times both emergency and non-emergency.

###### *Service Quality*

Our housing support services were again inspected by the Care Inspectorate consistently operating at a high level:

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

## **ABBEYFIELD SCOTLAND LIMITED**

### **REPORT of the BOARD (continued)**

#### **For the year ended 31 March 2018**

#### **Development and Performance (continued)**

##### Health & Safety

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

##### *Gas safety*

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

##### *Fire safety*

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

A process of options appraisal and consultation with residents, staff and stakeholders continued, with only one house, brought forward from the previous year, earmarked for closure. Previous closures meant four vacant houses were scheduled for sale and the one tenanted property identified to be closed and sold.

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 the installation of a lift at Bridge of Allan, as well as the realignment of rooms to develop larges, en-suite accommodation on the upper floors.

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.

## **ABBEYFIELD SCOTLAND LIMITED**

### **REPORT of the BOARD (continued)**

#### **For the year ended 31 March 2018**

#### **Development and Performance (continued)**

##### **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, in the purchase of properties for lease to its Crandeen Ltd subsidiary for the purpose of private 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 initially in Aberdeen. Work towards this will be ongoing with a view to launch services in 2018/19.

##### **People Management**

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

At 31 March 2018, Abbeyfield Scotland Ltd employed 80 staff based in 15 houses, the Area office and in Edinburgh. The sickness absence rate improved to 3.79% (2016/17 – 5.43%). 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 and Crandeen remains an attractive and sustainable offering for busy, ill, disabled, lonely and 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 2017/18 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

## **ABBNEYFIELD SCOTLAND LIMITED**

### **REPORT of the BOARD (continued)**

#### **For the year ended 31 March 2018**

#### **Risk Management (continued)**

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.

#### **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.

## **ABBEYFIELD SCOTLAND LIMITED**

### **REPORT of the BOARD (continued)**

**For the year ended 31 March 2018**

#### **Statement of Board's Responsibilities (continued)**

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;
- 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.

**ABBNEYFIELD SCOTLAND LIMITED**

**REPORT of the BOARD (continued)**

**For the year ended 31 March 2018**

- 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 2018. 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, Accountants and Statutory Auditor, will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**



**NANCE SMITH**  
Secretary

12 September 2018



**REPORT BY THE AUDITORS TO THE BOARD OF  
ABBEEFIELD 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.

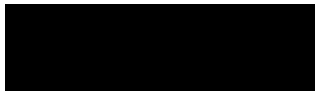
**Basis of Opinion**

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

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



**ALEXANDER SLOAN**  
**Accountants and Statutory Auditor**  
Edinburgh



2018



# ABBEYFIELD SCOTLAND LIMITED

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

### Opinion

We have audited the financial statements of Abbeyfield Scotland Limited ("the Association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cashflows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the business of the Association and that of the subsidiary are so different that they cannot be treated as a single undertaking.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# ABBEYFIELD SCOTLAND LIMITED

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

### Other information

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

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

We have nothing to report in this regard.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

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

- 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 and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities as set out on Pages 7 and 8, the Association's Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it

# ABBEYFIELD SCOTLAND LIMITED

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

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**ALEXANDER SLOAN**  
Accountants and Business Advisers

Statutory Auditors  
EDINBURGH  
Date: [REDACTED]



**Alexander Sloan**  
Accountants and Business Advisers

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	£	2018 £	£	2017 £
Turnover	2		2,532,987		2,260,572
Operating costs	2		(2,594,613)		(2,905,000)
Operating deficit	8		(61,626)		(644,428)
Gain on sale of housing stock	7	939,321		177,780	
Interest receivable and other income		7,919		15,506	
			947,240		193,286
Surplus/(deficit) for the year			885,614		(451,142)
			=====		=====

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

The notes on pages 18 to 29 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2018

	Share Capital £	Revenue Reserves £	Restricted Reserves £	Total £
Balance at 1 April 2017	170	4,421,472	261,213	4,682,855
Movement in share capital	(35)	-	-	(35)
Surplus from statement of total comprehensive income	-	698,824	186,790	885,614
<b>Balance at 31 March 2018</b>	<b>135</b>	<b>5,120,296</b>	<b>448,003</b>	<b>5,568,434</b>
	=====	=====	=====	=====
Balance at 1 April 2016	186	4,872,614	261,213	5,134,013
Movement in share capital	(16)	-	-	(16)
Deficit from statement of total comprehensive income	-	(451,142)	-	(451,142)
<b>Balance at 31 March 2017</b>	<b>170</b>	<b>4,421,472</b>	<b>261,213</b>	<b>4,682,855</b>
	=====	=====	=====	=====

The notes on pages 18 to 29 form part of these financial statements

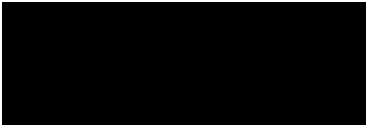
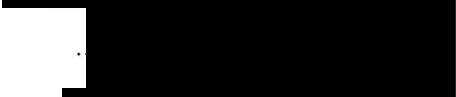
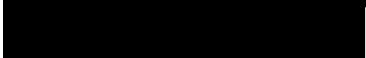
ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	£	2018 £	£	2017 £
<b>Tangible fixed assets</b>					
Housing Properties – Depreciated cost	10(a)		2,682,525		2,675,637
Other tangible fixed assets	10(b)		1,690,085		22,309
Investments	10(c)		1		1
			<hr/>		<hr/>
			4,372,611		2,697,947
<b>Current assets</b>					
Debtors (amounts falling due within one year)	13	399,678		104,036	
Debtors (amounts falling due after one year)	13	500,000		-	
Properties held for sale		35,519		303,916	
Cash at bank and in hand	22	1,692,356		2,852,279	
			<hr/>	<hr/>	
			2,627,553	3,260,231	
<b>Creditors: Amounts falling due within one year</b>	14	(387,604)		(276,336)	
			<hr/>	<hr/>	
<b>Net current assets</b>			2,239,949		2,983,895
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			6,612,560		5,681,842
			<hr/>		<hr/>
<b>Creditors: Amounts falling due after one year</b>	15		(1,044,126)		(998,987)
			<hr/>		<hr/>
<b>Net assets</b>			5,568,434		4,682,855
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Share capital	16		135		170
Revenue reserves	17(a)		5,120,296		4,421,472
Restricted reserves	17(b)		448,003		261,213
			<hr/>		<hr/>
			5,568,434		4,682,855
			<hr/>		<hr/>

The financial statements were approved by the Board and signed on their behalf on 12 September 2018.

	James G Craigie	
		Helen Barclay
		Nance Smith

Vice-Chair and Secretary

The notes on pages 18 to 29 form part of these financial statements

**ABBNEYFIELD SCOTLAND LIMITED**

**STATEMENT of CASHFLOWS**

**For the year ended 31 March 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Net cash generated from operating activities</b>	21	(678,216)	(576,413)
		-----	-----
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(1,821,370)	(87,747)
Grants received and recognised in Deferred Income		88,504	-
Proceeds from sale of fixed assets		1,243,237	576,540
(Increase)/decrease in deposits with banks		-	702,383
Interest receivable		7,919	15,506
		-----	-----
Net change in cash and cash equivalents in the year		(1,159,926)	630,269
<b>Cash and cash equivalents at the beginning of the year</b>		2,852,279	2,222,010
		-----	-----
<b>Cash and cash equivalents at the end of the year</b>		1,692,356	2,852,279
		=====	=====

The notes on pages 18 to 29 form part of these financial statements

## ABBEYFIELD SCOTLAND LIMITED

### NOTES to the FINANCIAL STATEMENTS

#### For the year ended 31 March 2018

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.

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

##### **Consolidation**

During the year, Abbeyfield Scotland Limited received Group Accounts Exception under Section 99 of the Co-operative and Community Benefit Societies Act 2014.

##### **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.

<b>Component</b>	<b>Useful Economic Life</b>
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

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

#### 1. Principal accounting policies (continued)

##### Valuation of housing properties (continued)

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

##### Depreciation and Impairment of Other Tangible Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is 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 Statement of Comprehensive Income.

##### Leases/Leased Assets

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

##### Works to Existing Properties

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

##### Capitalisation of Development Overheads

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

##### Development Interest

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

##### 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**

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

**For the year ended 31 March 2018**

### **1. 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**

			2018	Operating		2017	Operating
	Notes	Turnover	Operating	surplus/	Turnover	Operating	surplus/
		£	costs	(deficit)	£	costs	(deficit)
			£	£		£	£
Social lettings	3	2,202,851	2,352,325	(149,474)	2,154,990	2,326,839	(171,849)
Other activities	4	330,136	242,288	87,848	105,582	578,161	(472,579)
<b>Total</b>		<b>2,532,987</b>	<b>2,594,613</b>	<b>(61,626)</b>	<b>2,260,572</b>	<b>2,905,000</b>	<b>(644,428)</b>
		=====	=====	=====	=====	=====	=====

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

3. Particulars of income and expenditure from social lettings

	General Needs housing £	Supported housing £	Shared ownership £	2018 Total £	2017 Total £
<b>Income from lettings</b>					
Rent receivable net of identifiable service					
Charges	-	2,045,295	-	2,045,295	1,805,243
Service charges receivable	-	524,116	-	524,116	648,383
<b>Gross rents receivable</b>	-	2,569,411	-	2,569,411	2,453,626
<u>Less:</u> Rent losses from voids	-	465,369	-	465,369	424,614
	-	2,104,042	-	2,104,042	2,029,012
Grants released from deferred income	-	41,152	-	41,152	42,840
Other revenue grants	-	57,657	-	57,657	83,138
<b>Total income from social letting</b>	-	2,202,851	-	2,202,851	2,154,990
<b>Expenditure on social letting activities</b>					
Service costs	-	681,010	-	681,010	580,800
Management and maintenance administration costs	-	1,186,858	-	1,186,858	1,313,127
Reactive maintenance	-	109,972	-	109,972	89,403
Bad debts – rents and service charges	-	2	-	2	-
Planned and cyclical maintenance, including major repairs	-	269,542	-	269,542	241,126
Depreciation of social housing	-	104,941	-	104,941	102,383
<b>Operating costs of social letting</b>	-	2,352,325	-	2,352,325	2,326,839
<b>Operating deficit on social letting activities</b>	-	(149,474)	-	(149,474)	(171,849)
<b>2017</b>	-	(171,849)	-	(171,849)	

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

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) 2018 £	Operating Surplus/ (deficit) 2017 £
Support activities	-	-	84,447	-	84,447	-	230,808	(146,361)	(477,520)
Governance costs	-	-	-	-	-	-	11,480	(11,480)	(11,506)
Legacies and donations	-	-	-	204,470	204,470	-	-	204,470	13,303
Other sundry activities	-	-	-	41,219	41,219	-	-	41,219	3,144
<b>Total from other activities</b>	-	-	84,447	245,689	303,136	-	242,288	87,848	(472,579)
<b>2017</b>	-	-	89,135	16,447	105,582	-	578,161	(472,579)	

Included in the 'Operating Costs – Other' of £230,808 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 £84,447. Monthly charges to residents include a charge for personal services and this is shown as £524,116 income under 'Income from Lettings' (Note 3).

# **ABBEYFIELD SCOTLAND LIMITED**

## **NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2018**

### **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.

	2018 £	2017 £
Emoluments payable to Chief Executive (excluding pension contributions)	62,168	64,595
	=====	=====

Key management personnel are the Chief Executive and the Head of Housing Operations and their total compensation was £120,925 (2017: £120,851). In addition, Chiene + Tait acted as finance agents and were paid £40,698 (2017: £61,088).

### **6. Employee information**

	2018 £	2017 £
The average monthly number of full-time equivalent persons employed during the year was	49	50
	=====	=====
The average total number of employees employed during the year was	83	90
	=====	=====
Staff costs were:		
Wages and salaries	1,151,403	1,189,742
Social security costs	76,106	75,737
Other pension costs	60,074	57,969
Temporary, agency and seconded staff	32,273	31,739
	-----	-----
	1,319,856	1,355,187
	=====	=====

Included within the wages and salaries for the year ended 31 March 2018 is £9,089 (2017: £32,689) of severance costs.

### **7. Gain on sale of housing stock**

	2018 £	2017 £
Sales proceeds	1,243,237	576,540
Cost of sales	303,916	398,760
	-----	-----
Gain on sale of housing stock	939,321	177,780
	=====	=====

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

	2018 £	2017 £
(Deficit)/surplus on ordinary activities is stated after charging:		
Depreciation - Tangible fixed assets	110,119	109,752
Auditors' remuneration - Audit services	10,400	9,000
- Other services	-	-
Operating lease rentals - Land and buildings	41,191	37,000
- Other	5,924	5,924
	=====	=====

**ABBEYFIELD SCOTLAND LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2018**

**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**

	<b>Housing Properties Held for Letting £</b>
(a) Housing properties	
<b>Cost</b>	
As at 1 April 2017	4,713,920
Additions	147,352
Disposals	(90,497)
	-----
As at 31 March 2018	4,770,775
	-----
<b>Depreciation</b>	
As at 1 April 2017	2,038,283
Charge for year	102,004
Disposals	(52,037)
	-----
As at 31 March 2018	2,088,250
	-----
<b>Net book value</b>	
As at 31 March 2018	2,682,525
	=====
As at 31 March 2017	2,675,637
	=====

Additions to housing properties includes capitalised development administration costs of £Nil (2017: £Nil) and capitalised major repair costs to existing properties of £147,352 (2017: £62,969).

All land and housing properties are freehold.

**ABBNEYFIELD SCOTLAND LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2018**

**10. Tangible fixed assets**

	<b>Motor Vehicles</b>	<b>Investment Property</b>	<b>Computer Equipment</b>	<b>Furniture and Equipment</b>	<b>Total</b>
	£	£	£	£	£
<b>(b) Other tangible fixed assets</b>					
<b>Cost</b>					
As at 1 April 2017	-	-	53,076	828,093	881,169
Additions	33,943	1,640,075	-	-	1,674,018
Disposals	-	-	-	(39,182)	(39,182)
	-----	-----	-----	-----	-----
As at 31 March 2018	33,943	1,640,075	53,076	788,911	2,516,005
	-----	-----	-----	-----	-----
<b>Aggregate depreciation</b>					
As at 1 April 2017	-	-	53,076	805,784	858,860
Charge for year	-	-	-	5,178	5,178
Disposals	-	-	-	(38,118)	(38,118)
	-----	-----	-----	-----	-----
As at 31 March 2018	-	-	53,076	772,844	825,920
	-----	-----	-----	-----	-----
<b>Net book value</b>					
As at 31 March 2018	33,943	1,640,075	-	16,067	1,690,085
	=====	=====	=====	=====	=====
As at 31 March 2017	-	-	-	22,309	22,309
	=====	=====	=====	=====	=====

The board have considered the valuation of the properties at the year end and are satisfied that these represent appropriate measures of fair value at 31 March 2018.

<b>(c) Investments</b>	<b>2018</b>	<b>2017</b>
	£	£
<b>Cost</b>		
As at 1 April 2017	1	-
Additions during year	-	1
	-----	-----
At 31 March 2018	1	1
	=====	=====

Abbeyfield Scotland Limited owns one share which is 100% of the share capital of Crandeen Limited. Crandeen Limited commenced trading on 26 May 2017. Abbeyfield Scotland Limited has a 'group account exemption from the FCA.

<b>Aggregate capital and reserves</b>	<b>2018</b>	<b>2017</b>
	£	£
Crandeen Limited	(264,096)	1
	=====	=====
<b>Profit/(loss) for the year</b>	<b>2018</b>	<b>2017</b>
	£	£
Crandeen Limited	(264,097)	-
	=====	=====

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

**11. Capital Commitments**

	2018 £	2017 £
Capital expenditure that has been contracted for but not provided for in the financial statements	Nil	1,599,225
Capital expenditure authorised but not contracted for	Nil	Nil

**12. Commitments under operating leases**

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

	2018 £	2017 £
Not later than one year	53,559	27,507
Between one and five years	184,514	8,103
Total	238,073	35,610

**13. Debtors**

	2018 £	2017 £
<b>Due within one year</b>		
Arrears of rent and service charges	33,946	17,807
<u>Less: Provision for doubtful debts</u>	(6,000)	(6,000)
	27,946	11,807
Social Housing Grant receivable	114,251	16,075
Other debtors and prepayments	257,481	76,154
	399,678	104,036
<b>Due after one year</b>		
Amounts owed by group undertakings	500,000	-

**14. Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	191,506	101,194
Rent in advance	1,559	3,765
Other taxation and social security	19,453	20,041
Other creditors	64,267	42,046
Accruals and deferred income	67,506	68,189
Deferred Housing Association Grant	43,313	41,100
	387,604	276,335

At the balance sheet date there were pension contributions outstanding of £7,261 (2017: £20,409).



**ABBEYFIELD SCOTLAND LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2018**

<b>15. Creditors: amounts falling due after one year</b>	<b>2018</b>	<b>2017</b>
	£	£
Deferred Housing Association Grant	1,044,126	998,987
	=====	=====
Within one year	43,313	41,100
Due between one and two years	43,313	41,100
Due between two and five years	129,939	123,300
Due after five years	870,874	834,587
	-----	-----
	1,087,439	1,040,087
Less: included in current liabilities above	43,313	41,100
	-----	-----
	1,044,126	998,987
	=====	=====

**16. Share capital**

	£
Shares of £1 each issued and fully paid	
At 1 April 2017	170
Issued in year	4
Cancelled in year	(39)
	-----
At 31 March 2018	135
	=====

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**

<b>(a) Revenue reserve</b>	£
At 1 April 2017	4,421,472
Surplus for the year	698,824
	-----
At 31 March 2018	5,120,296
	=====

<b>(b) Restricted reserves balance</b>	<b>Opening reserve</b>	<b>Income</b>	<b>Closing reserve</b>
	£	£	£
Forres Fund	244,961	-	244,961
Highland Fund	7,749	-	7,749
Airdrie Fund	100	-	100
Abbeyfield North Berwick Friends Fund	7,311	-	7,311
Killearn Fund	629	-	629
Dock Park Fund	463	-	463
Haddington Fund	-	186,790	186,790
	-----	-----	-----
At 31 March 2018	261,213	186,790	448,003
	=====	=====	=====

## ABBNEYFIELD SCOTLAND LIMITED

### NOTES to the FINANCIAL STATEMENTS (continued)

#### For the year ended 31 March 2018

#### 17. Reserves (continued)

##### (b) Restricted reserves balance

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.

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.

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

#### 18. Housing stock

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

2018	2017
No.	No.
133	140
=====	=====

# ABBEYFIELD SCOTLAND LIMITED

## NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

### 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.

During the year Abbeyfield loaned £500,000 to Crandeen Limited. At the 31 March 2018 a balance of £500,000 on the inter-company loan account was due to Abbeyfield and £3,280 of interest was charged on the loan during the year at a commercial rate.

During the year Abbeyfield a £15,000 management fee to Crandeen Limited and £11,280 for the lease of five properties from Abbeyfield.

At the 31 March 2018 a balance of £18,280 was due from Crandeen Limited.

### 20. Pension costs

Abbeyfield Scotland Limited operates a defined contribution scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the organisation and amounted to £60,074 (2017: £57,696).

### 21. Net cash generated from operating activities

	2018 £	2017 £
Surplus / (deficit) for the year	885,614	(451,142)
<i>Adjustment for non-cash items:</i>		
Depreciation of tangible fixed assets	110,119	111,011
Loss on disposal of fixed assets	1,064	-
Gain on sale of fixed assets	(939,321)	(177,780)
(Increase)/decrease in trade and other debtors	(795,640)	7,208
Increase/(Decrease) in trade and other creditors	109,054	(7,348)
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(41,152)	(42,840)
Interest receivable	(7,919)	(15,506)
Share capital written off	(39)	(18)
Issue of share capital	4	2
Net cash flow from operating activities	(678,216)	(576,413)
	=====	=====

### 22. Cash and cash equivalents

	At 1 April 2017 £	Movement in year £	At 31 March 2018 £
Cash at bank and in hand	2,852,279	(1,159,923)	1,692,356
	=====	=====	=====