

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 2019

ABBNEYFIELD SCOTLAND LIMITED

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ABBNEYFIELD SCOTLAND LIMITED

BOARD, EXECUTIVES and ADVISERS

Year ended 31 March 2019

Board

James G Craigie (resigned 19 September 2018)

Irene Christie

Nance Smith (Vice-Chairperson and Company Secretary)

Libby Anderson (resigned 19 September 2018)

Helen Barclay (resigned 17 December 2018)

Alan Kent

Ken Robertson (Chairperson)

David White

Stephen McAvoy (appointed 19 September 2018 and resigned 25 January 2019)

David Belfall (appointed 28 November 2018)

Patrick Kelliher (appointed 27 February 2019)

Pascale Adriaens (appointed 12 September 2018 and resigned 25 January 2019)

Executive Officers

Karen Barr (Chief Executive)

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

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD

For the year ended 31 March 2019

The Board presents its report and the Financial Statements for the year ended 31 March 2019.

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 the Abbeyfield Group remains 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, delivering high quality services to larger groups and developing strategic options

Managed Property

The table below shows our stock:

| | 2018/19 | 2017/18 |
|--|----------------|----------------|
| | 15 Houses | 16 Houses |
| non-self-contained properties | 133 | 140 |
| self-contained properties | 12 | 12 |
| properties leased to Crandeen Ltd for private rental | 5 | 5 |
| Total | 150 | 157 |

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2019

Financial Review

There was an overall surplus of £108,646 (2017/18 – £885,614). In the year one property was sold for a profit of £253,686 compared to 2017/18 where four properties were sold for a profit of £939,321.

Operating deficit is £163,716 (2017/18 – deficit £61,626), however in 2017/18 a donation of £186,790 was received from Abbeyfield East Linton Society for the benefit of the Haddington house. The operating deficit for 2017/18 without the donation would have been £248,416, therefore this shows there was an underlying reduction in the operating deficit of £84,700 in the year.

Abbeyfield Scotland is fortunate in carrying no debts and having a healthy cash reserve of £1.7m.

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 (ESSH) by 2020 is a further mandatory requirement although it is reassuring that 64.3% of our properties to which ESSH is applicable already meet the Standard.

The sum of £206,517 has been budgeted for repairs, planned and cyclical maintenance in 2019/20 and £25,000 on redecoration and internal improvements. Further investment to improve access and facilities will be supported by adaptations grants from Scottish Government.

The Group owns 5 bungalow style properties in Aberdeen, valued at approximately £1.6m, managed at market rents by Crandeen Ltd.

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 2018 AGM the Board following the resignation of James Craigie, Chairman for seven years, elected Helen Barclay as Chair and Ken Robertson as Vice-Chair. Nance Smith retained office of Company Secretary. Helen Barclay resigned in December 2018, and a further two members resigned in January 2019. Ken Robertson assumed Chair until elected on 30 January 2019. Nance Smith took over the role of Vice-Chair and retains the role of Company Secretary. The Board numbered 7 at 31 March 2019.

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 current Chief Executive occupies the post on an interim basis (subject to the conclusion of a Strategic Options Appraisal, for completion in the summer of 2019) and is tasked with a review of the Organisation's Business Plan from 2018/19 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 2018/19.

Partnerships

Crandeen Ltd, Abbeyfield's wholly owned subsidiary is not registered with the Scottish Housing Regulator. As at 31st March 2019 the board of Crandeen Ltd had two members appointed by Abbeyfield Scotland and four independent members. Arrangements for control of the wholly-owned subsidiary are governed by the Intragroup Agreement between the parties. At 31 March 2019 this is placed under review.

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).

Cairn Housing Association facilitates the IT services to the organisation.

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2019

Development and Performance (continued)

Performance

Resident consultation

Resident satisfaction surveys are undertaken annually.

Overall satisfaction in 2018/19 with their Abbeyfield services was reported by 90% of respondents while 80% reported satisfaction with quality of their home).

Allocations and income maximisation

Void rental loss for retained houses was 16.2% of rent and service charges receivable (2017/18 – 18.1%). 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 2019 remained, amounting to 1.99% of the annual gross rent due (2017/18 – 1.32%).

Responsive repairs

| Category | Performance Measure | Target | 2018/19 | 2017/18 |
|---------------|--------------------------|---------|------------|------------|
| Emergency | Average time to complete | 5 hours | 3.87 hours | 3.85 hours |
| Non-Emergency | Average time to complete | 6 days | 7.89 days | 4.98 days |

The in-house management of repairs has enabled much closer management of repairs since 2017/18.

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 | 5 Very 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

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 2018/19 a fire safety audit was commissioned with the outcome expected in early 2019/20.

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. One house closed in the reporting year with a further one expected to close in 2019/20. No further closures are identified at this time and the Governing Body are taking an active role in a review of our stock.

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.

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2019

Development and Performance (continued)

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 are expected in 2019/20 in Haddington.

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.

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 2019, Abbeyfield Scotland Ltd employed 44 staff based in 15 houses, the Area office and in Edinburgh. The sickness absence rate is 6.21% (2017/18 – 3.79%). 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.

Crandeen

In early 2019 the Board of Abbeyfield approved steps being taken by its wholly owned subsidiary Crandeen to limit its expenditure in order to avert financial problems. At the end of 2018/19 the finances of Crandeen continued under close review by the Parent Board.

Abbeyfield's strategic plans for the newly adopted Care at Home service continues to develop models of services and options for the health and well-being of older people in our communities.

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 received services from Crystal Risk Consulting on a revised risk management procedure to enhance the ability to measure risk and mitigating outcomes. The new process will be adopted in 2019/20.

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

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2019

Risk Management (continued)

- 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 the budget for the following year and provisional budgets for the four succeeding years. Key risk areas are identified. Performance is monitored by way of monthly management accounts and relevant action taken throughout the year through 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 but are taking a proactive approach to finding efficiencies which will not preclude partnership working or sharing of services in the 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 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, including a review of a pilot restructuring to satisfy its commitment to remodel service provision and obtain viability.

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.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. 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.

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2019

Statement of Board's Responsibilities (continued)

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;

Statement of Internal Financial Control

- 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 2019. 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.

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2019

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

28 August 2019

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial 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 "Regulation of Social Housing in Scotland" 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

25 September 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Opinion

We have audited the financial statements of Abbeyfield Scotland Limited ("the Association") for the year ended 31 March 2019 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 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 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 2019 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

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: 25 September 2019



ABBNEYFIELD SCOTLAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

| | Notes | 2019 | | 2018 | |
|---------------------------------------|--------------|-------------|-------------|-------------|-------------|
| | | £ | £ | £ | £ |
| Turnover | 2 | | 2,359,935 | | 2,532,987 |
| Operating costs | 2 | | (2,523,651) | | (2,594,613) |
| Operating deficit | 8 | | (163,716) | | (61,626) |
| Gain on sale of housing stock | 7 | 253,686 | | 939,321 | |
| Interest receivable and other income | | 18,676 | | 7,919 | |
| | | | 272,362 | | 947,240 |
| Surplus/(deficit) for the year | | | 108,646 | | 885,614 |

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

The notes on pages 17 to 27 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2019

| | Share Capital £ | Revenue Reserves £ | Restricted Reserves £ | Total £ |
|--|-------------------------------|----------------------------------|-------------------------------------|-------------------|
| Balance at 1 April 2018 | 135 | 5,120,296 | 448,003 | 5,568,434 |
| Movement in share capital | (12) | - | - | (12) |
| Surplus from statement of total comprehensive income | - | 108,646 | - | 108,646 |
| Balance at 31 March 2019 | 123 | 5,228,942 | 448,003 | 5,677,068 |
| | ===== | ===== | ===== | ===== |
| 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 |
| Balance at 31 March 2018 | 135 | 5,120,296 | 448,003 | 5,568,434 |
| | ===== | ===== | ===== | ===== |

The notes on pages 17 to 27 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

| | Notes | £ | 2019 £ | £ | 2018 £ |
|---|--------------|-----------|------------------|-----------|------------------|
| Tangible fixed assets | | | | | |
| Housing Properties – Depreciated cost | 10(a) | | 2,706,717 | | 2,682,525 |
| Other tangible fixed assets | 10(b) | | 1,690,456 | | 1,690,085 |
| Investments | 10(c) | | 1 | | 1 |
| | | | ----- | | ----- |
| | | | 4,397,174 | | 4,372,611 |
| Current assets | | | | | |
| Debtors (amounts falling due within one year) | 13 | 90,204 | | 399,678 | |
| Debtors (amounts falling due after one year) | 13 | 720,000 | | 500,000 | |
| Properties held for sale | | - | | 35,519 | |
| Cash at bank and in hand | 22 | 1,725,507 | | 1,692,356 | |
| | | | ----- | | ----- |
| | | | 2,535,711 | | 2,627,553 |
| Creditors: Amounts falling due within one year | 14 | (254,143) | | (387,604) | |
| | | | ----- | | ----- |
| Net current assets | | | 2,281,568 | | 2,239,949 |
| | | | ----- | | ----- |
| Total assets less current liabilities | | | 6,678,742 | | 6,612,560 |
| | | | ----- | | ----- |
| Creditors: Amounts falling due after one year | 15 | | (1,001,674) | | (1,044,126) |
| | | | ----- | | ----- |
| Net assets | | | 5,677,068 | | 5,568,434 |
| | | | ===== | | ===== |
| Capital and reserves | | | | | |
| Share capital | 16 | | 123 | | 135 |
| Revenue reserves | 17(a) | | 5,228,942 | | 5,120,296 |
| Restricted reserves | 17(b) | | 448,003 | | 448,003 |
| | | | ----- | | ----- |
| | | | 5,677,068 | | 5,568,434 |
| | | | ===== | | ===== |

The financial statements were approved by the Board and signed on their behalf on 28 August 2019.

| | |
|--------------------------------|---------------|
| | Ken Robertson |
| Chairperson | |
| | David White |
| Board Member | |
| | Nance Smith |
| Vice-Chairperson and Secretary | |

The notes on pages 17 to 27 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED**STATEMENT of CASHFLOWS****For the year ended 31 March 2019**

| | Note | 2019 | 2018 |
|---|-------------|------------------|------------------|
| | | £ | £ |
| Net cash generated from operating activities | 21 | (123,858) | (678,216) |
| | | ----- | ----- |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (150,872) | (1,821,370) |
| Grants received and recognised in Deferred Income | | - | 88,504 |
| Proceeds from sale of fixed assets | | 289,205 | 1,243,237 |
| (Increase)/decrease in deposits with banks | | - | - |
| Interest receivable | | 18,676 | 7,919 |
| | | ----- | ----- |
| Net change in cash and cash equivalents in the year | | 33,151 | (1,159,926) |
| Cash and cash equivalents at the beginning of the year | | 1,692,356 | 2,852,279 |
| | | ----- | ----- |
| Cash and cash equivalents at the end of the year | | <u>1,725,507</u> | <u>1,692,356</u> |
| | | ===== | ===== |

The notes on pages 17 to 27 form part of these financial statements

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2019

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 2019".

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 2010. 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 2019. 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 Exemption 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.

| 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 |

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% |
| Motor vehicles | 25% |

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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

| | | 2019 | | | 2018 | | |
|------------------|-------|------------------|-------------------------|---|------------------|-------------------------|---|
| | Notes | Turnover £ | Operating costs £ | Operating surplus/ (deficit) £ | Turnover £ | Operating costs £ | Operating surplus/ (deficit) £ |
| Social lettings | 3 | 2,211,875 | 2,279,739 | (67,864) | 2,202,851 | 2,352,325 | (149,474) |
| Other activities | 4 | 148,060 | 243,912 | (95,852) | 330,136 | 242,288 | 87,848 |
| Total | | 2,359,935 | 2,523,651 | (163,716) | 2,532,987 | 2,594,613 | (61,626) |

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

3. Particulars of income and expenditure from social lettings

| | General Needs housing £ | Supported housing £ | Shared ownership £ | 2019 Total £ | 2018 Total £ |
|---|----------------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Income from lettings | | | | | |
| Rent receivable net of identifiable service Charges | - | 1,926,958 | - | 1,926,958 | 2,045,295 |
| Service charges receivable | - | 580,219 | - | 580,219 | 524,116 |
| Gross rents receivable | - | 2,507,177 | - | 2,507,177 | 2,569,411 |
| <u>Less:</u> Rent losses from voids | - | 407,222 | - | 407,222 | 465,369 |
| | - | 2,099,955 | - | 2,099,955 | 2,104,042 |
| Grants released from deferred income | - | 42,900 | - | 42,900 | 41,152 |
| Other revenue grants | - | 69,020 | - | 69,020 | 57,657 |
| Total income from social letting | - | 2,211,875 | - | 2,221,875 | 2,202,851 |
| Expenditure on social letting activities | | | | | |
| Service costs | - | 665,173 | - | 665,173 | 681,010 |
| Management and maintenance administration costs | - | 1,125,685 | - | 1,125,685 | 1,186,858 |
| Reactive maintenance | - | 105,219 | - | 105,219 | 109,972 |
| Bad debts – rents and service charges | - | - | - | - | 2 |
| Planned and cyclical maintenance, including major repairs | - | 271,406 | - | 271,406 | 269,542 |
| Depreciation of social housing | - | 112,256 | - | 112,256 | 104,941 |
| Operating costs of social letting | - | 2,279,739 | - | 2,279,739 | 2,352,325 |
| Operating deficit on social letting activities | - | (67,864) | - | (67,864) | (149,474) |
| 2018 | - | (149,474) | - | (149,474) | |

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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) 2019 £ | Operating Surplus/ (deficit) 2018 £ |
|------------------------------------|--|------------------------------|-------------------------------------|----------------------|------------------------|--------------------------------------|----------------------------------|---|---|
| Support activities | - | - | 80,136 | - | 80,136 | - | 233,472 | (153,336) | (146,361) |
| Governance costs | - | - | - | - | - | - | 10,440 | (10,440) | (11,480) |
| Legacies and donations | - | - | - | 13,096 | 13,096 | - | - | 13,096 | 204,470 |
| Other sundry activities | - | - | - | 54,828 | 54,828 | - | - | 54,828 | 41,219 |
| Total from other activities | - | - | 80,136 | 67,924 | 148,060 | - | 243,912 | (95,852) | 87,848 |
| 2018 | - | - | 84,447 | 245,689 | 330,136 | - | 242,288 | 87,848 | |

Included in the 'Operating Costs – Other' of £222,887 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 £80,136. Monthly charges to residents include a charge for personal services and this is shown as £580,219 income under 'Income from Lettings' (Note 3).

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

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.

| | 2019 | 2018 |
|--|-------------|-------------|
| | £ | £ |
| Emoluments payable to Chief Executive including benefits in kind of £12,003 (2018: £nil) (excluding pension contributions) | 77,980 | 62,168 |
| | ===== | ===== |

Key management personnel is the Chief Executive (and in the previous year also included Head of Housing Operations) and their total compensation (including employers' NI) was £93,336 (2018: £143,990). In addition, Chiene + Tait acted as finance agents and were paid £46,028 (2018: £40,698).

6. Employee information

| | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| The average monthly number of full-time equivalent persons employed during the year was | 48 | 49 |
| | ===== | ===== |
| The average total number of employees employed during the year was | 75 | 83 |
| | ===== | ===== |
| Staff costs were: | | |
| Wages and salaries | 1,083,213 | 1,151,403 |
| Social security costs | 64,262 | 76,106 |
| Other pension costs | 57,047 | 60,074 |
| Temporary, agency and seconded staff | 61,227 | 32,273 |
| | ----- | ----- |
| | 1,265,749 | 1,319,856 |
| | ===== | ===== |

Included within the wages and salaries for the year ended 31 March 2019 is £nil (2018: £9,089) of severance costs.

7. Gain on sale of housing stock

| | 2019 | 2018 |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Sales proceeds | 289,205 | 1,243,237 |
| Cost of sales | 35,519 | 303,916 |
| | ----- | ----- |
| Gain on sale of housing stock | 253,686 | 939,321 |
| | ===== | ===== |

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

| | 2019 | 2018 |
|--|-------------|-------------|
| | £ | £ |
| (Deficit)/surplus on ordinary activities is stated after charging: | | |
| Depreciation - Tangible fixed assets | 119,310 | 110,119 |
| Auditors' remuneration - Audit services | 10,700 | 10,400 |
| - Other services | - | - |
| Operating lease rentals - Land and buildings | 39,983 | 41,191 |
| - Other | 6,499 | 5,924 |
| | ===== | ===== |

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 2018 | 4,770,775 |
| Additions | 136,446 |
| Disposals | (53,640) |
| | ----- |
| As at 31 March 2019 | 4,853,581 |
| | ----- |
| Depreciation | |
| As at 1 April 2018 | 2,088,250 |
| Charge for year | 105,255 |
| Disposals | (46,641) |
| | ----- |
| As at 31 March 2019 | 2,146,864 |
| | ----- |
| Net book value | |
| As at 31 March 2019 | 2,706,717 |
| | ===== |
| As at 31 March 2018 | 2,682,525 |
| | ===== |

Additions to housing properties includes capitalised development administration costs of £Nil (2018: £Nil) and capitalised major repair costs to existing properties of £136,446 (2018: £147,352).

All land and housing properties are freehold.

| | Motor Vehicles £ | Investment Property £ | Computer Equipment £ | Furniture and Equipment £ | Total £ |
|---------------------------------|---------------------------------|--------------------------------------|-------------------------------------|--|--------------------|
| (b) Other tangible fixed assets | | | | | |
| Cost | | | | | |
| As at 1 April 2018 | 33,943 | 1,640,075 | 53,076 | 788,911 | 2,516,005 |
| Additions | - | - | - | 14,426 | 14,426 |
| Disposals | - | - | - | (74,446) | (74,446) |
| | ----- | ----- | ----- | ----- | ----- |
| As at 31 March 2019 | 33,943 | 1,640,075 | 53,076 | 728,891 | 2,455,985 |
| | ----- | ----- | ----- | ----- | ----- |
| Aggregate depreciation | | | | | |
| As at 1 April 2018 | - | - | 53,076 | 772,844 | 825,920 |
| Charge for year | 8,486 | - | - | 5,569 | 14,055 |
| Disposals | - | - | - | (74,446) | (74,446) |
| | ----- | ----- | ----- | ----- | ----- |
| As at 31 March 2019 | 8,486 | - | 53,076 | 703,967 | 765,529 |
| | ----- | ----- | ----- | ----- | ----- |
| Net book value | | | | | |
| As at 31 March 2019 | 25,457 | 1,640,075 | - | 24,924 | 1,690,456 |
| | ===== | ===== | ===== | ===== | ===== |
| As at 31 March 2018 | 33,943 | 1,640,075 | - | 16,067 | 1,690,085 |
| | ===== | ===== | ===== | ===== | ===== |

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

10. Tangible fixed assets (continued)

(b) Other tangible fixed assets (continued)

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.

| (c) Investments | 2019 | 2018 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Cost | | |
| As at 1 April 2018 | 1 | 1 |
| Additions during year | - | - |
| | ----- | ----- |
| At 31 March 2019 | 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.

| Aggregate capital and reserves | 2019 | 2018 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Crandeen Limited | (602,266) | (264,096) |
| | ===== | ===== |

| Profit/(loss) for the year | 2019 | 2018 |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| Crandeen Limited | (338,170) | (264,097) |
| | ===== | ===== |

| 11. Capital Commitments | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| Capital expenditure that has been contracted for but not provided for in the financial statements | - | - |
| | ----- | ----- |
| Capital expenditure authorised but not contracted for | - | - |
| | ===== | ===== |

12. Commitments under operating leases

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

| | 2019 | 2018 |
|----------------------------|-------------|-------------|
| | £ | £ |
| Not later than one year | 54,048 | 53,559 |
| Between one and five years | 36,023 | 184,514 |
| | ----- | ----- |
| Total | 90,071 | 238,073 |
| | ===== | ===== |

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

| 13. Debtors | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| Due within one year | | |
| Arrears of rent and service charges | 49,473 | 33,946 |
| <u>Less: Provision for doubtful debts</u> | (6,000) | (6,000) |
| | ----- | ----- |
| | 43,473 | 27,946 |
| Social Housing Grant receivable | 17,686 | 114,251 |
| Other debtors and prepayments | 29,045 | 257,481 |
| | ----- | ----- |
| | 90,204 | 399,678 |
| | ===== | ===== |
| Due after one year | | |
| Amounts owed by group undertakings | 720,000 | 500,000 |
| | ===== | ===== |

| 14. Creditors: amounts falling due within one year | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| Trade creditors | 80,002 | 191,506 |
| Rent in advance | 2,220 | 1,559 |
| Other taxation and social security | 18,294 | 19,453 |
| Other creditors | 28,306 | 64,267 |
| Accruals and deferred income | 82,456 | 67,506 |
| Deferred Housing Association Grant | 42,865 | 43,313 |
| | ----- | ----- |
| | 254,143 | 387,604 |
| | ===== | ===== |

At the balance sheet date there were pension contributions outstanding of £6,341 (2018: £7,261).

| 15. Creditors: amounts falling due after one year | 2019 | 2018 |
|--|-------------|-------------|
| | £ | £ |
| Deferred Housing Association Grant | 1,001,674 | 1,044,126 |
| | ===== | ===== |
| Within one year | 42,865 | 43,313 |
| Due between one and two years | 42,865 | 43,313 |
| Due between two and five years | 128,595 | 129,939 |
| Due after five years | 830,214 | 870,874 |
| | ----- | ----- |
| | 1,044,539 | 1,087,439 |
| Less: included in current liabilities above | 42,865 | 43,313 |
| | ----- | ----- |
| | 1,001,674 | 1,044,126 |
| | ===== | ===== |

| 16. Share capital | £ |
|---|-------|
| Shares of £1 each issued and fully paid | |
| At 1 April 2018 | 135 |
| Issued in year | 3 |
| Cancelled in year | (15) |
| | ----- |
| At 31 March 2019 | 123 |
| | ===== |

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.

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

17. Reserves

(a) Revenue reserve

| | £ |
|----------------------|-----------|
| At 1 April 2018 | 5,120,296 |
| Surplus for the year | 108,646 |
| | ----- |
| At 31 March 2019 | 5,228,942 |
| | ===== |

| | Opening reserve £ | Income £ | Closing reserve £ |
|--|----------------------------------|---------------------|----------------------------------|
| (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 |
| Haddington Fund | 186,790 | - | 186,790 |
| | ----- | ----- | ----- |
| At 31 March 2018 | 448,003 | - | 448,003 |
| | ===== | ===== | ===== |

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.

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2019

| 18. Housing stock | 2019 | 2018 |
|---|-------------|-------------|
| | No. | No. |
| The number of units of accommodation in management at the year end was: | | |
| Supported housing | 150 | 157 |
| | ===== | ===== |

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 an additional £220,000 to Crandeen Limited. At the 31 March 2019 a balance of £720,000 on the inter-company loan account was due to Abbeyfield and £13,121 of interest was charged on the loan during the year at a commercial rate.

During the year Abbeyfield received a £12,000 (2018: £15,000) management fee from Crandeen Limited and £36,000 (2018: £11,280) for the lease of five properties from Abbeyfield.

At the 31 March 2019 a balance of £3,649 (2018: 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 £57,047 (2018: £60,074).

| 21. Net cash generated from operating activities | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| Surplus / (deficit) for the year | 108,646 | 885,614 |
| <i>Adjustment for non-cash items:</i> | | |
| Depreciation of tangible fixed assets | 119,310 | 110,119 |
| Loss on disposal of fixed assets | 7,001 | 1,064 |
| Gain on sale of fixed assets | (253,686) | (939,321) |
| (Increase)/decrease in trade and other debtors | 89,474 | (795,640) |
| Increase/(Decrease) in trade and other creditors | (133,015) | 109,054 |
| <i>Adjustments for investing or financing activities:</i> | | |
| Government grants utilised in the year | (42,900) | (41,152) |
| Interest receivable | (18,676) | (7,919) |
| Share capital written off | (15) | (39) |
| Issue of share capital | 3 | 4 |
| Net cash flow from operating activities | (123,858) | (678,216) |
| | ===== | ===== |

22. Cash and cash equivalents

| | At | | At 31 |
|--------------------------|----------------|-----------------|--------------|
| | 1 April | Movement | March |
| | 2018 | in year | 2019 |
| | £ | £ | £ |
| Cash at bank and in hand | 1,692,356 | 33,151 | 1,725,507 |
| | ===== | ===== | ===== |