

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

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THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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**1. Reference and Administrative Details of the Charity, its Trustees and Advisers**

**1.1 Executive Committee**

The Executive Committee members who served during the year were:

|                       |           |
|-----------------------|-----------|
| Mr John Allen         | Chairman  |
| Mr Roger Dennis       | Treasurer |
| Dr Graham Mole        | Secretary |
| Mr John Goodship      |           |
| Mrs Helen Hollinworth |           |
| Mrs Clare Richardson  |           |
| Mr Michael Sparrow    |           |

**1.2 Registered Number:**

IP22810R

**1.3 Registered Office:**

Highlands, Fitzgerald Road, Woodbridge, IP12 1EN

**1.4 HCA Number:**

H3148

**1.5 Independent Auditors:**

Larking Gowen LLP, Chartered Accountants and Statutory Auditors, 1 Claydon Business Park, Great Blakenham, Ipswich, IP6 0NL

**1.6 Bankers:**

Barclays Bank PLC, Church Street, Woodbridge, IP12 1DJ

**1.7 Solicitors:**

Marshall Hatchick, The Ancient House, Church Street, Woodbridge, IP12 1DH

**1.8 HR Consultant:**

Sally Coles, White Horse Cottage, Chapel Road, Otley, Ipswich, IP6 9NU

**1.9 Health & Safety Consultant:**

Lloyds Employment Law Consultancy, 12-13 Westgate, Grantham, NG31 6LT

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 30 SEPTEMBER 2018

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## **2. Structure, Governance and Management**

### **2.1 Constitution**

Abbeyfield Deben Extra Care Society Limited ('the Society') was initially registered under the Industrial and Provident Societies Act 1965 on 26 March 1980. It is currently registered under the Co-operative and Community Benefit Societies Act 2014, as well as the Housing and Regeneration Act 2008. The Society is wholly engaged in hostel housing activities as defined in the relevant Acts. The Society is incorporated as a limited liability company, and is an exempt charity.

The date of the Society's constitution is 26 March 1980. The constitution states its objects thus:

"The objects of the Society shall be to carry on for the benefit of the community the provision and management for the relief and care of elderly persons of all classes suffering from the disabilities of old age or otherwise being in need, of housing for letting and not for sale and/or hostels. And in furtherance of this object but not otherwise the Society may:

- (i) provide land or buildings for purposes connected with the requirements of the elderly persons occupying the houses or hostels provided or managed by the Society; and
- (ii) provide amenities or services for the benefit of such persons either exclusively or together with other persons."

The Executive Committee meets four times per year, in January, May, September and November. An annual general meeting is held for all registered members of the Society in March.

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**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

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**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**2.2 Organisational Structure.** This may be represented as follows:

| <b>Line of Authority</b>      | <b>Roles</b>  | <b>Key Responsibilities</b>  |
|-------------------------------|---|--|
| <b>Executive Committee</b>    | <b>Trustees</b><br>Chairman<br>Treasurer<br>Secretary<br>Other Trustees<br>Minutes Secretary<br><b>Co-opted members</b><br>Manager/Matron<br>Deputy Manager | Formulating long-term strategy and plans.<br>Formulating and applying governance processes.<br>Setting and approving annual business plan and budget. Periodically reviewing operational and financial performance against plan.<br>Ensuring compliance with regulatory requirements.<br>Identifying and managing key risks.<br>Formulating and updating key policies (e.g., care provision, Human Resources) and ensuring their effective implementation. |
| <b>Operations Management</b>  | Manager/Matron<br>Deputy Manager  | Ensuring effective care, well-being and safety of residents.<br>Management of Highlands staff.<br>Procurement and purchase of supplies and services.<br>Ensuring adherence to all internal and external standards.<br>Ensuring effective administration processes – computer systems, records management, etc.<br>Organising special events.   |
| <b>Operations Supervision</b> | Care Team Leaders<br>Kitchen Manager<br>Housekeeper   | Supervision of care, kitchen and domestic staff.   |

The table above broadly sets out the decision-making functions for the Society. Decisions concerning the day-to-day running of Highlands are made by operations management. Decisions on the strategic positioning of Highlands, planning, governance, risk management and overall performance against objectives – financial and non-financial - are made by the Executive Committee. In practice, the senior managers may need to escalate persistent or acute operational problems, eg concerning the fabric of the Highlands building, to the Executive Committee. This is normally done by direct contact with the Chairman.

### **2.3 Trustee Appointments**

Trustees are selected and recruited in accordance with the Society's *Procedure for the Selection, Recruitment and Induction of Trustees* (2017), which requires them, inter alia, to:

- Have specific expertise and experience that enable them to effectively contribute to the work of the Executive Committee and help it meet its responsibilities;
- Declare any interests or history, financial or otherwise, which might conflict with those of the Society, or disqualify them from acting as a trustee.
- Satisfactorily undertake a Disclosure and Barring Service (DBS) check before their appointment is confirmed.

The position of Chairman is offered for election each year, and the election held at the Annual General Meeting. Other trustees are appointed on the basis that one-third of the Executive Committee resigns each year and those trustees who resign may offer themselves for re-election at the Annual General Meeting.

The Society is fully autonomous, but is also currently a Member Society of the Abbeyfield Society, a national provider of care homes. Membership is based on an annual fee payable to Abbeyfield, and this entitles access to a number of their services.

REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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## 2.4 Major Risks

Major risks are set out in the Society's risk register, which is updated continuously and reviewed by the Executive Committee every six months, in May and November. The trustees have given consideration to the major risks to which the Society is exposed and satisfied themselves that systems or procedures are established to manage those risks. The process of risk identification and assessment follows the guidelines published by the Charity Commission (*Charities and Risk Management, 2010*).

## 3. Objectives and Activities

### 3.1 Objectives

The Society's mission is to enhance the quality of life of residents at the Highlands home in Woodbridge. The principal aims of the Society are to:

- Provide and maintain a residential home offering a high degree of practical care (excluding nursing care) to frail and elderly people no longer able to cope with the practicalities of living in their own homes.
- Provide its residents with care of a standard comparable to that provided by competent caring relatives, in an atmosphere that is as close as possible to that of the residents' own homes.
- Encourage residents to maintain and develop their personal interests with the minimum of rules and limitations.
- Maintain the highest standards of care, and offer nutritious and varied food and excellent accommodation and facilities, at the lowest possible cost but without sacrificing quality.

**Note:** A Care Quality Commission inspection was carried out on 23 February 2017 and their report issued on 12 April 2017. The overall rating for the home was '**Good**'.

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The key objectives for the year October 2017 to September 2018 are shown in the following table:

| <b>Key Performance Requirements</b>                          | <b>Objectives</b>  | <b>Action Planned</b>   |
|--|--|---|
| 1. Ensure clarity of purpose and direction                   | 1.1 Conduct annual strategy review.  | 1.1.1 Carry out strategy review and discuss at May 2018 meeting.  |
| 2. Ensure strength of board.                                 | 2.1 Make good any gaps in the skills, knowledge and experience of the Executive Committee.   | 2.1.1 Appoint a third member of the Selection Standing Committee.   |
| 3. Ensure Society is fit for purpose                         | 3.1 Ensure trustee knowledge and skills are adequate.<br><br>3.2 Ensure senior management knowledge and skills are adequate.<br><br>3.3 Take steps to ensure business continuity.                                    | 3.1.1 Identify Executive Committee skill deficits, particularly in respect of buildings and building maintenance.<br>3.2.1 Maintain continuous assessment of performance through fortnightly review meetings and annual appraisals.<br>3.3.1 Finalise Major Incident/ Disaster Recovery Plan; publish and distribute handbook. Develop and deliver appropriate training.              |
| 4. Seek to learn, and to improve performance                 | 4.1 Minimise risk of mediocre/negative ratings by regulators.  | 4.1.1 Conduct at least one CQC inspection simulation in 2018.   |
| 5. Ensure Society is financially sound and prudent           | 5.1 Establish and agree a realistic budget for the period.<br><br>5.2 Ensure that actual expenditure and variances against budget are tracked and acted upon.  | 5.1.1 Action complete – budget approved at 14 September 2017 meeting.<br>5.2.1 Review Treasurer's regular finance reports.  |
| 6. Ensure work of the Society is accountable and transparent | 6.1 Ensure Society is compliant with all current legal and regulatory obligations, and any changes to these.<br>6.2 Ensure effective communication with all key stakeholders – residents, members, staff and others. | 6.1.1 Prepare appropriately for introduction of new Data Protection regulation in 2018.<br><br>6.2.1 Particularly ensure that residents are kept fully informed of events and changes in Highlands. Consider feasibility of publishing an easy-to-read annual newsletter, highlighting key events and achievements, for publication to key stakeholders and other interested parties. |

### **3.2 Activities**

The Highlands home is run by the Society and occupies a former family house in a pleasant location in Woodbridge. There are currently 24 rooms, and the occupancy rate in the period covered by this report was 96 per cent. Residents' meetings are held regularly. These are attended by senior management and a trustee, and feedback from them reviewed by the Executive Committee.

Some detailed insight into the ethos and activities of the home may be accessed through its website, <http://www.highlands-care.org>.

A 'Friends of Highlands' group exists to provide a forum for volunteering and a modest level of fundraising activity.

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 30 SEPTEMBER 2018

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The home currently employs some 40 permanent staff, and additionally employs casual and agency staff on a need basis. The Society has committed to, and implemented, the 'real' (as opposed to statutory) living wage rate, as set by the Living Wage Foundation.

#### **4. Achievements and Performance**

With reference to the action points in the table above:

##### **1.1.1 Carry out strategy review and discuss at May 2018 meeting.**

Each trustee completed a 34-item questionnaire, based on Charity Commission risk assessment questions, in preparation for the review. The results were presented to, and reviewed by, the Executive Committee at their May 2018 meeting. (See also 3.1.1 below).

##### **2.1.1 Appoint a third member of the Selection Standing Committee.**

Completed. Mr M Sparrow has replaced Mr M Myerscough, who resigned in 2017.

##### **3.1.1 Identify Executive Committee skill deficits, particularly in respect of buildings and building maintenance.**

Completed. This was a key element in this year's strategy review. As well as identifying skill deficits it also raised some succession planning issues. Recruitment efforts have identified one likely trustee recruit, and the possibility of another with specific skills in buildings and building maintenance.

##### **3.2.1 Maintain continuous assessment of senior management performance through fortnightly review meetings and annual appraisals.**

Completed. In addition, a review of the Manager's and Deputy Manager's job descriptions was actioned, and is currently in progress.

##### **3.3.1 Finalise Major Incident/ Disaster Recovery Plan; publish and distribute handbook. Develop and deliver appropriate training.**

Completed. The Society adopted a Business Continuity Policy in April 2017, which provided the basis for a Major Incident/ Disaster Recovery Plan, introduced at the same time. This in turn was used to develop a Major Incident Handbook, published in February 2018 and issued to trustees and all Highlands staff. Training based on the handbook has since been provided to trustees, management and staff and is scheduled for completion by end 2018.

##### **4.1.1 Conduct at least one CQC inspection simulation in 2018.**

Completed. A thorough inspection, following CQC protocols, was carried out on 6 November 2018.

##### **5.1. Establish and agree a realistic budget for the coming period.**

Completed. The Treasurer presented a budget for 2018/19 at the 12 September 2018 meeting, and this was approved by the Executive Committee.

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### **5.2.1 Review Treasurer's regular finance reports.**

Completed. In addition to regular reports, the Treasurer has written a number of special reports in response to specific issues such as long-term fee funding.

#### **6.1.1 Prepare appropriately for introduction of new Data Protection regulation in 2018.**

Completed. In accordance with the GDPR directive and Information Commissioner's Office (ICO) guidelines, an exercise was undertaken to identify and categorise all items of personal data for residents, staff, trustees and volunteers. From this detailed data mapping exercise an Information Asset Register was created and is now continuously updated. A privacy notice was also developed and issued to the stakeholders noted above. This work was completed ahead of the GDPR deadline of 25 May 2018.

#### **6.2.1 Particularly ensure that residents are kept fully informed of events and changes in Highlands.**

Completed. Residents' meetings are held regularly and attended by senior management. In addition, from this year they are attended by a trustee. Feedback from these meetings is reviewed at Executive Committee meetings.

#### **Consider feasibility of publishing an easy-to-read annual newsletter, highlighting key events and achievements, for publication to key stakeholders and other interested parties.**

This remains under consideration.

#### **Note**

As stated in last year's report, On 21 November 2016 a major incident occurred when a Highlands resident, aged 99, entered an unlocked area designated for staff use only, fell down a steep flight of stairs and subsequently died from the injuries sustained. This incident remains the subject of a criminal investigation by the Care Quality Commission (CQC) under Regulations 12(1) and 22 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. The Society Chairman and Highlands management have fully responded to, and co-operated with, the CQC throughout this investigation. We continue to await the CQC's decision on how they plan to proceed.

#### **5. Financial Review**

We had an average occupancy of 96 per cent. We increased charges to residents by 2.5 per cent from 1 April 2018. There was a small decrease in interest on cash deposits and an increase in other income, which is mostly income from an insurance claim. The total income in the year to 30 September 2018 of £793,588, was £5,673 more than the previous year.

We increased pay rates by £0.30 an hour in April 2018.

Expenditure rose by £33,259, including fire door refurbishment costs of £33,444.

The operating deficit (excluding depreciation charge) in the year to 30 September 2018 was £13,027, a reduction of £35,160 on the previous year's surplus of £22,133.

The depreciation charge was slightly less at £23,532. Overall there was a reduction in funds of £36,599, compared with an increase of £34,254 the previous year.

The unrestricted fund at 30 September 2018 was £1,271,235, which is a slight decrease in comparison to the prior year fund of £1,307,244.

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REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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**6. Reserves Policy**

The Committee has agreed a target for the minimum amount of reserves for the time being as follows:

- (1) The **fixed asset reserve** is equal to the charges to depreciation in respect of plant and machinery, and fixtures and fittings, plus an allowance for price inflation, and less the cost of assets acquired as replacements for such items. There is also an allowance for replacing the lift. The current provision is £155,000.
- (2) The **maintenance reserve** is £50,000.
- (3) The **continuity reserve** is £105,000.
- (4) The **reserve for other contingencies** is £75,000.
- (5) **Total of the above is £385,000.**

Unrestricted net current assets were £352,242 at 30 September 2018.

The target level of reserves is subject to annual review. Under current budgets the deficit to the target is expected to be eliminated in a short period.

The Executive Committee reviews its policy of financial reserves and the amounts of such reserves annually. The next such review will be made in November 2019.

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**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

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**REPORT OF THE EXECUTIVE COMMITTEE  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**7. Plans for Future Periods**

Plans for year ending 30 September 2019 were tabled for review at the November 2018 Executive Committee meeting. The following table shows the key objectives identified:

| <b>Key Performance Requirements</b>                          | <b>Objectives</b>   | <b>Action Planned</b>   |
|--|---|---|
| 1. Ensure clarity of purpose and direction                   | 1.1 Conduct annual strategy review.   | 1.1.1 Carry out strategy review and discuss at May 2019 meeting.  |
| 2. Ensure strength of board.                                 | 2.1 Make good any gaps in the skills, knowledge and experience of the Executive Committee.  | 2.1.1 Seek to appoint new trustee(s) in line with identified succession planning and skills requirements.   |
| 3. Ensure Society is fit for purpose                         | 3.1 Ensure senior management knowledge and skills are adequate.<br><br>3.2 Ensure adequacy of management structure.   | 3.1.1 Finalise and implement revised job descriptions.<br>3.1.2 Maintain continuous assessment of performance through fortnightly review meetings and annual appraisals.<br>3.1.3 Review leadership and management training needs.<br>3.2.1 Review succession and cover arrangements for senior management. |
| 4. Seek to learn, and to improve performance                 | 4.1. Gain additional insights on performance by widening our network with other homes and sources of guidance.  | 4.1.1 Critically examine current sources and explore potential for new ones.  |
| 5. Ensure Society is financially sound and prudent           | 5.1 Establish and agree a realistic budget for the period.<br><br>5.2 Ensure that actual expenditure and variances against budget are tracked and acted upon.   | 5.1.1 Action already complete – budget approved at September 2018 Executive Committee meeting.<br>5.2.1 Review Treasurer's finance reports and special papers.  |
| 6. Ensure work of the Society is accountable and transparent | 6.1 Ensure Society is compliant with all current legal and regulatory obligations, and any changes to these.<br>6.2 Ensure effective communication with all key stakeholders: residents, members, staff and others. | 6.1.1 Monitor changes in obligations and implement as necessary.<br><br>6.2.1 Hold regular meetings with stakeholders and review all feedback at Executive Committee meetings.  |

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### **8. Executive Committee's Responsibilities Statement**

The Executive Committee is responsible for preparing the Report of the Executive Committee and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 require the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the income or expenditure of the Society for that period. In preparing these financial statements, the Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Executive Committee is responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **9. Disclosure of information to auditors**

Each of the persons who are members at the time when this the report of the Executive Committee is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the Society's auditors are unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

#### **10. Auditors**

The auditors, Larking Gowen LLP, will be proposed for reappointment.

This report was approved by the Executive Committee and signed on its behalf.

J Allen  
**Chairman**

Date: 9 January 2019

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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#### OPINION

We have audited the financial statements of The Abbeyfield Deben Extra Care Society Limited (the 'Society') for the year ended 30 September 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 30 September 2018 and of its incoming resources and application of resources, including its income and expenditure 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2015.

#### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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#### OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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

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:

- the information given in the Report of the Executive Committee is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Executive Committee's responsibilities statement, the Executive Committee are 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 Trustees determine 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 Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 83 of the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### USE OF OUR REPORT

This report is made solely to the charitable company's trustees, 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 charitable company's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

#### Larking Gowen LLP

Chartered Accountants  
Statutory Auditors

1 Claydon Business Park  
Great Blakenham  
Ipswich  
Suffolk  
IP6 0NL  
Date:

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

|   | Note | Restricted<br>funds<br>2018<br>£ | Unrestricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|---|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| <b>INCOME FROM:</b>   |      |                                  |                                    |                             |                             |
| Other   | 2    | 1,694                            | 9,468                              | 11,162                      | 3,829                       |
| Social housing lettings   | 3    | -                                | 780,950                            | 780,950                     | 782,252                     |
| Investments   | 4    | -                                | 3,170                              | 3,170                       | 3,528                       |
| <b>TOTAL INCOME</b>   |      | <b>1,694</b>                     | <b>793,588</b>                     | <b>795,282</b>              | <b>789,609</b>              |
| <b>EXPENDITURE ON:</b>  |      |                                  |                                    |                             |                             |
| Charitable activities   |      | 2,960                            | 829,092                            | 832,052                     | 798,621                     |
| <b>TOTAL EXPENDITURE</b>  | 5    | <b>2,960</b>                     | <b>829,092</b>                     | <b>832,052</b>              | <b>798,621</b>              |
| <b>NET EXPENDITURE BEFORE INVESTMENT<br/>LOSSES</b>                 |      |                                  |                                    |                             |                             |
| Shares issued/(cancelled) during the year                           |      | (1,266)                          | (35,504)                           | (36,770)                    | (9,012)                     |
|   |      | -                                | (1)                                | (1)                         | (1)                         |
| <b>NET EXPENDITURE</b>  |      | <b>(1,266)</b>                   | <b>(35,505)</b>                    | <b>(36,771)</b>             | <b>(9,013)</b>              |
| Transfers between funds   | 14   | 676                              | (676)                              | -                           | -                           |
| <b>NET EXPENDITURE BEFORE OTHER<br/>RECOGNISED GAINS AND LOSSES</b> |      | <b>(590)</b>                     | <b>(36,181)</b>                    | <b>(36,771)</b>             | <b>(9,013)</b>              |
| <b>NET MOVEMENT IN FUNDS</b>  |      | <b>(590)</b>                     | <b>(36,181)</b>                    | <b>(36,771)</b>             | <b>(9,013)</b>              |
| <b>RECONCILIATION OF FUNDS:</b>                                     |      |                                  |                                    |                             |                             |
| Total funds brought forward   |      | 590                              | 1,307,244                          | 1,307,834                   | 1,316,847                   |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                                  |      | <b>-</b>                         | <b>1,271,063</b>                   | <b>1,271,063</b>            | <b>1,307,834</b>            |

The notes on pages 17 to 26 form part of these financial statements.

.....  
**J Allen, Chair**  
Date: 9 January 2019

.....  
**R Dennis, Treasurer**  
Date: 9 January 2019

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**  
**REGISTERED NUMBER: IP22810R**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

|   | Note | £                | 2018<br>£               | £                | 2017<br>£               |
|---|------|------------------|-------------------------|------------------|-------------------------|
| <b>FIXED ASSETS</b>                                   |      |                  |                         |                  |                         |
| Housing property held for letting                     | 8    |                  | <b>863,954</b>          |                  | 863,954                 |
| Other tangible assets                                 | 9    |                  | <b>54,867</b>           |                  | 58,900                  |
|   |      |                  | <u>918,821</u>          |                  | <u>922,854</u>          |
| <b>CURRENT ASSETS</b>                                 |      |                  |                         |                  |                         |
| Debtors   | 10   | <b>10,027</b>    |                         | 16,405           |                         |
| Investments   | 11   | <b>302,413</b>   |                         | 319,911          |                         |
| Cash at bank and in hand                              |      | <b>57,535</b>    |                         | 72,999           |                         |
|   |      |                  | <u>369,975</u>          | <u>409,315</u>   |                         |
| <b>CREDITORS:</b> amounts falling due within one year | 12   |                  | <u>(17,733)</u>         | <u>(24,335)</u>  |                         |
| <b>NET CURRENT ASSETS</b>                             |      |                  | <u>352,242</u>          |                  | 384,980                 |
| <b>NET ASSETS</b>                                     |      |                  | <u><u>1,271,063</u></u> |                  | <u><u>1,307,834</u></u> |
| <b>CHARITY FUNDS</b>                                  |      |                  |                         |                  |                         |
| Restricted funds                                      | 14   |                  | -                       |                  | 590                     |
| Unrestricted funds:                                   |      |                  |                         |                  |                         |
| Share capital   | 13   | <b>27</b>        |                         | 28               |                         |
| Unrestricted funds                                    | 14   | <b>1,271,036</b> |                         | 1,307,216        |                         |
| Total unrestricted funds                              |      |                  | <u>1,271,063</u>        | <u>1,307,244</u> |                         |
| <b>SHAREHOLDERS' AND CHARITY'S FUNDS</b>              |      |                  | <u><u>1,271,063</u></u> |                  | <u><u>1,307,834</u></u> |

The financial statements were approved and authorised for issue by the Executive Committee on 9 January 2019 and signed on their behalf, by:

.....  
**J Allen, Chair**

.....  
**R Dennis, Treasurer**

The notes on pages 17 to 26 form part of these financial statements.

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THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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|  | Note | 2018<br>£            | 2017<br>£            |
|--|------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>            |      |                      |                      |
| Net cash (used in)/provided by operating activities    | 16   | <u>(13,291)</u>      | <u>12,779</u>        |
| <b>Cash flows from investing activities:</b>           |      |                      |                      |
| Purchase of tangible fixed assets                      |      | (19,671)             | (6,699)              |
| Movements in short term deposits                       |      | <u>17,498</u>        | <u>(3,513)</u>       |
| <b>Net cash used in investing activities</b>           |      | <u>(2,173)</u>       | <u>(10,212)</u>      |
| <b>Change in cash and cash equivalents in the year</b> |      | <b>(15,464)</b>      | <b>2,567</b>         |
| Cash and cash equivalents brought forward              |      | <u>72,999</u>        | <u>70,432</u>        |
| <b>Cash and cash equivalents carried forward</b>       | 17   | <u><u>57,535</u></u> | <u><u>72,999</u></u> |

The notes on pages 17 to 26 form part of these financial statements.

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Co-operative and Community Benefit Societies Act 2014.

The Abbeyfield Deben Extra Care Society Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

##### 1.2 Society status

The Society is registered under the Co-Operative and Community Benefit Societies Act 2014 (registered number IP22910R) and the Housing and Regeneration Act 2008 and is an exempt charity. The Society is wholly engaged in hostel housing activities as defined in the Act.

##### 1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Society and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

##### 1.4 Income

All income is recognised once the Society has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

##### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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## THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Tangible fixed assets and depreciation

Freehold buildings are depreciated to write down the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives. Where buildings are maintained to such a standard that their estimated residual value is not less than their cost, no depreciation is charged as it is not material, and an impairment review is performed annually.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

The Executive Committee consider any indicators of impairment at each year end, such as number of residents, value and nature of repairs in the period and physical damage.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                                  |   |                      |
|----------------------------------|---|----------------------|
| Plant and machinery              | - | 20% straight line    |
| Fixtures, fittings and furniture | - | 20% straight line    |
| Property improvements            | - | 5%-20% straight line |

##### 1.7 Investments

Investments represent monies held in short term deposits.

##### 1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

##### 1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Society; this is normally upon notification of the interest paid or payable by the bank.

##### 1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

##### 1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

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1. ACCOUNTING POLICIES (continued)

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the society anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Pensions

The Society operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Society to the fund in respect of the year.

1.15 Value Added Tax

The Society is not registered for VAT. Accordingly no VAT is charged to residents and expenditure included in the Statement of Financial Activities includes the irrecoverable VAT.

2. OTHER INCOME

|                    | Restricted<br>funds<br>2018<br>£ | Unrestricted<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ | Total<br>funds<br>2017<br>£ |
|--------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Residents fund     | 1,694                            | -                                  | 1,694                       | 1,265                       |
| Other income       | -                                | 9,468                              | 9,468                       | 2,564                       |
|                    | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |
| Total other income | 1,694                            | 9,468                              | 11,162                      | 3,829                       |
|                    | <hr/>                            | <hr/>                              | <hr/>                       | <hr/>                       |
| Total 2017         | 1,265                            | 2,564                              | 3,829                       |                             |
|                    | <hr/>                            | <hr/>                              | <hr/>                       |                             |

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**3. SOCIAL HOUSING LETTINGS**

|                      | <b>Unrestricted<br/>funds<br/>2018<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> | <i>Total<br/>funds<br/>2017<br/>£</i> |
|----------------------|--|---------------------------------------|---------------------------------------|
| Gross residence fees | <b>814,520</b>                               | <b>814,520</b>                        | <i>803,544</i>                        |
| Voids                | <b>(33,570)</b>                              | <b>(33,570)</b>                       | <i>(21,292)</i>                       |
|                      | <b>780,950</b>                               | <b>780,950</b>                        | <i>782,252</i>                        |
| <i>Total 2017</i>    | <i>782,252</i>                               | <i>782,252</i>                        |                                       |

**4. INVESTMENT INCOME**

|                   | <b>Unrestricted<br/>funds<br/>2018<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> | <i>Total<br/>funds<br/>2017<br/>£</i> |
|-------------------|--|---------------------------------------|---------------------------------------|
| Investment income | <b>3,170</b>                                 | <b>3,170</b>                          | <i>3,528</i>                          |
| <i>Total 2017</i> | <i>3,528</i>                                 | <i>3,528</i>                          |                                       |

**5. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE**

|                   | <b>Staff costs<br/>2018<br/>£</b> | <b>Depreciation<br/>2018<br/>£</b> | <b>Other costs<br/>2018<br/>£</b> | <b>Total<br/>2018<br/>£</b> | <i>Total<br/>2017<br/>£</i> |
|-------------------|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Expenditure       | <b>566,080</b>                    | <b>23,532</b>                      | <b>242,440</b>                    | <b>832,052</b>              | <i>798,621</i>              |
| <i>Total 2017</i> | <i>560,658</i>                    | <i>31,146</i>                      | <i>206,817</i>                    | <i>798,621</i>              |                             |

In 2017, of the total expenditure, £3,027 was to restricted funds and £795,594 was to unrestricted funds.

Other costs include governance costs of £6,600 (2017 - £5,760) relating to the year end accounts audit, and premises refurbishment costs of £80,071 (2017 - £48,715).

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**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**6. NET INCOME/(EXPENDITURE)**

This is stated after charging:

|  | <b>2018</b>   | <i>2017</i>   |
|--|---------------|---------------|
|  | £             | £             |
| Depreciation of tangible fixed assets: |               |               |
| - owned by the charity                 | <b>23,532</b> | <i>31,146</i> |
| Auditors' remuneration                 | <b>6,600</b>  | <i>5,760</i>  |
| Pension costs                          | <b>7,043</b>  | <i>4,380</i>  |
|  | <b>=====</b>  | <b>=====</b>  |

**7. STAFF COSTS**

Staff costs were as follows:

|                          | <b>2018</b>    | <i>2017</i>    |
|--------------------------|----------------|----------------|
|                          | £              | £              |
| Wages and salaries       | <b>526,602</b> | <i>524,801</i> |
| National Insurance costs | <b>32,435</b>  | <i>31,477</i>  |
| Other pension costs      | <b>7,043</b>   | <i>4,380</i>   |
|                          | <b>=====</b>   | <b>=====</b>   |
|                          | <b>566,080</b> | <i>560,658</i> |

The average number of persons employed by the Society during the year was as follows:

|            | <b>2018</b> | <i>2017</i> |
|------------|-------------|-------------|
|            | No.         | No.         |
| Head count | <b>38</b>   | <i>42</i>   |

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel of the Society comprises the Executive Committee members and the manager. Of these, only the manager is remunerated. The total amount of employee benefits (including employer pension contributions) received by key management personnel for services to the Society was £44,515 (2017 - £43,528).

No member of the Executive Committee received any remuneration in either year.

The full time equivalent staff numbers for the year ended 30 September 2018 are 17 (2017 - 23).

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**8. HOUSING PROPERTY HELD FOR LETTING**

|   | <b>Freehold<br/>property<br/>£</b> |
|---|------------------------------------|
| <b>Cost</b>                             |                                    |
| At 1 October 2017 and 30 September 2018 | <b>863,954</b>                     |
| <b>Carrying amount</b>                  |                                    |
| At 30 September 2018                    | <b>863,954</b>                     |
| <i>At 30 September 2017</i>             | <i>863,954</i>                     |

**9. OTHER TANGIBLE ASSETS**

|                             | <b>Plant and<br/>machinery<br/>£</b> | <b>Fixtures,<br/>fittings and<br/>furniture<br/>£</b> | <b>Property<br/>improvements<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------------|--------------------------------------|---|--|--------------------|
| <b>Cost</b>                 |                                      |   |  |                    |
| At 1 October 2017           | 56,788                               | 40,297  | 110,339                                | 207,424            |
| Additions                   | 19,031                               | 640   | -                                      | 19,671             |
| Disposals                   | (172)                                | -   | -                                      | (172)              |
| At 30 September 2018        | <b>75,647</b>                        | <b>40,937</b>   | <b>110,339</b>                         | <b>226,923</b>     |
| <b>Depreciation</b>         |                                      |   |  |                    |
| At 1 October 2017           | 46,478                               | 23,406  | 78,640                                 | 148,524            |
| Charge for the year         | 8,901                                | 7,130   | 7,501                                  | 23,532             |
| At 30 September 2018        | <b>55,379</b>                        | <b>30,536</b>   | <b>86,141</b>                          | <b>172,056</b>     |
| <b>Net book value</b>       |                                      |   |  |                    |
| At 30 September 2018        | <b>20,268</b>                        | <b>10,401</b>   | <b>24,198</b>                          | <b>54,867</b>      |
| <i>At 30 September 2017</i> | <i>10,310</i>                        | <i>16,891</i>   | <i>31,699</i>                          | <i>58,900</i>      |

**10. DEBTORS**

|                                | <b>2018<br/>£</b> | <b>2017<br/>£</b> |
|--------------------------------|-------------------|-------------------|
| Trade debtors                  | -                 | 3,031             |
| Prepayments and accrued income | <b>10,027</b>     | 13,374            |
|                                | <b>10,027</b>     | 16,405            |

THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018

**11. CURRENT ASSET INVESTMENTS**

|                                   | 2018<br>£ | 2017<br>£ |
|-----------------------------------|-----------|-----------|
| Investment in short term deposits | 302,413   | 319,911   |
|                                   | 302,413   | 319,911   |

**12. CREDITORS: Amounts falling due within one year**

|                              | 2018<br>£ | 2017<br>£ |
|------------------------------|-----------|-----------|
| Trade creditors              | 5,893     | 13,655    |
| Other creditors              | 1,052     | -         |
| Accruals and deferred income | 10,788    | 10,680    |
|                              | 17,733    | 24,335    |

**13. SHARE CAPITAL**

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Allotted, called up and fully paid</b> |           |           |
| 27 (2017 - 28) Ordinary shares of £1 each | 27        | 28        |
|   | 27        | 28        |

During the year no shares were issued (2017 - 0 shares) and 1 share was cancelled (2017 - 1 share).

**14. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

|                           | Balance at<br>1 October<br>2017<br>£ | Income<br>£ | Expenditure<br>£ | Transfer<br>between<br>Funds<br>£ | Shares<br>issued/<br>(cancelled)<br>£ | Balance at<br>30<br>September<br>2018<br>£ |
|---------------------------|--------------------------------------|-------------|------------------|-----------------------------------|---------------------------------------|--|
| <b>Unrestricted funds</b> |                                      |             |                  |                                   |                                       |  |
| Share capital             | 28                                   | -           | -                | -                                 | (1)                                   | 27   |
| Reserves                  | 1,307,216                            | 793,588     | (829,092)        | (676)                             | -                                     | 1,271,036                                  |
|                           | 1,307,244                            | 793,588     | (829,092)        | (676)                             | (1)                                   | 1,271,063                                  |
| <b>Restricted funds</b>   |                                      |             |                  |                                   |                                       |  |
| Residents Fund            | 590                                  | 1,694       | (2,960)          | 676                               | -                                     | -  |
| Total of funds            | 1,307,834                            | 795,282     | (832,052)        | -                                 | (1)                                   | 1,271,063                                  |

**Unrestricted Funds**

**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**14. STATEMENT OF FUNDS (continued)**

These funds relate to unrestricted income to be used to support the Society's objectives.

**Restricted Funds**

The Residents Fund is a restricted fund used solely for providing gifts and activities for residents.

**Transfer between Funds**

Funds were transferred from the Unrestricted Funds, to clear the overspend in the Restricted Funds.

**STATEMENT OF FUNDS - PRIOR YEAR**

|                         | <i>Balance at<br/>1 October<br/>2016<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfer<br/>between<br/>Funds<br/>£</i> | <i>Shares<br/>issued/<br/>(cancelled)<br/>£</i> | <i>Balance at<br/>30<br/>September<br/>2017<br/>£</i> |
|-------------------------|--|---------------------|--------------------------|---|---|---|
| <b>General funds</b>    |  |                     |                          |   |   |   |
| Share capital           | 29   | -                   | -                        | -   | (1)   | 28  |
| Reserves                | 1,314,466                                      | 788,344             | (795,594)                | -   | -   | 1,307,216   |
|                         | <u>1,314,495</u>                               | <u>788,344</u>      | <u>(795,594)</u>         | <u>-</u>                                    | <u>(1)</u>                                      | <u>1,307,244</u>                                      |
| <b>Restricted funds</b> |  |                     |                          |   |   |   |
| Residents Fund          | 2,352  | 1,265               | (3,027)                  | -   | -   | 590   |
|                         | <u><u>2,352</u></u>                            | <u><u>1,265</u></u> | <u><u>(3,027)</u></u>    | <u><u>-</u></u>                             | <u><u>-</u></u>                                 | <u><u>590</u></u>                                     |

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

|                                   | <b>Restricted<br/>funds<br/>2018<br/>£</b> | <b>Unrestricted<br/>funds<br/>2018<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|-----------------------------------|--|--|---------------------------------------|
| Housing property held for letting | -  | 863,954                                      | 863,954                               |
| Tangible fixed assets             | -  | 54,867                                       | 54,867                                |
| Current assets                    | -  | 369,975                                      | 369,975                               |
| Creditors due within one year     | -  | (17,733)                                     | (17,733)                              |
|                                   | <u>-</u>                                   | <u>1,271,063</u>                             | <u>1,271,063</u>                      |
|                                   | <u><u>-</u></u>                            | <u><u>1,271,063</u></u>                      | <u><u>1,271,063</u></u>               |

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**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|                                   | <i>Restricted<br/>funds<br/>2017<br/>£</i> | <i>Unrestricted<br/>funds<br/>2017<br/>£</i> | <i>Total<br/>funds<br/>2017<br/>£</i> |
|-----------------------------------|--|--|---------------------------------------|
| Housing property held for letting | -  | 863,954                                      | 863,954                               |
| Tangible fixed assets             | -  | 58,900                                       | 58,900                                |
| Current assets                    | 590  | 408,725                                      | 409,315                               |
| Creditors due within one year     | -  | (24,335)                                     | (24,335)                              |
|                                   | <u>590</u>                                 | <u>1,307,244</u>                             | <u>1,307,834</u>                      |

**16. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|   | <b>2018<br/>£</b>      | <b>2017<br/>£</b>    |
|---|------------------------|----------------------|
| Net expenditure for the year (as per Statement of Financial Activities) | <b>(36,771)</b>        | <b>(9,013)</b>       |
| <b>Adjustment for:</b>  |                        |                      |
| Depreciation charges  | <b>23,532</b>          | 31,146               |
| Loss on the sale of fixed assets  | <b>172</b>             | -                    |
| Decrease/(increase) in debtors  | <b>6,378</b>           | (8,932)              |
| Decrease in creditors   | <b>(6,602)</b>         | (422)                |
| <b>Net cash (used in)/provided by operating activities</b>              | <b><u>(13,291)</u></b> | <b><u>12,779</u></b> |

**17. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|              | <b>2018<br/>£</b>    | <b>2017<br/>£</b>    |
|--------------|----------------------|----------------------|
| Cash in hand | <b>57,535</b>        | 72,999               |
| Total        | <b><u>57,535</u></b> | <b><u>72,999</u></b> |

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**THE ABBEYFIELD DEBEN EXTRA CARE SOCIETY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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**18. CONTINGENT LIABILITIES**

A social housing grant of £484,294 received on initial purchase of the property of Highlands is potentially repayable if the property the grant was used to finance ceases to be used for social housing purposes or if it is sold and the proceeds are not reinvested in further social housing prior to 2041. The Society has no intentions to sell or change the property use in the foreseeable future. The potential grant repayment is secured by a charge on the freehold property.

During 2017 the Care Quality Commission served notice of intention to prosecute the Society following an incident in November 2016 in which a resident died. The Society has not yet been informed whether or not it will be prosecuted by the CQC. Furthermore, the amount of any potential penalty cannot be estimated reliably. As such the Executive Committee believes that no provision should be recorded in the financial statements.

**19. CAPITAL COMMITMENTS**

At 30 September 2018 the Society had capital commitments as follows:

|   | <b>2018</b> | <i>2017</i>   |
|---|-------------|---------------|
|   | <b>£</b>    | <b>£</b>      |
| Contracted for but not provided in these financial statements | -           | <i>19,280</i> |

**20. PENSION COMMITMENTS**

The Society contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. The pension cost charge represents contributions payable by the Society to the fund and amounted to £7,043 (*2017 - £4,380*). There were no amounts payable to the fund at either balance sheet date.

**21. RELATED PARTY TRANSACTIONS**

An annual affiliation fee has been paid during the year to The Abbeyfield Society for £7,372 (*2017 - £7,137*).

During the year the Society purchased supplies from a company of which the Manager is a director. These supplies amounted to £4,086 (*2017 - £4,662*).

No other fees or remuneration has been paid to any other member, committee member or officer of the society, other than the reimbursement of postage, telephone and travelling expenses.

**22. HOUSING STOCK**

|   | <b>2018</b> | <i>2017</i> |
|---|-------------|-------------|
|   | <b>No.</b>  | <b>No.</b>  |
| Accommodation - number of registered bed spaces | <b>24</b>   | <i>24</i>   |

**23. CONTROLLING PARTY**

The Society is controlled by the Executive Committee.