



# The Abbeyfield Society



## Annual Report and Financial Statements

For the Year ended 31 March 2023

The Abbeyfield Society  
Trading as: Abbeyfield Living Society  
17-19 Hampton Lane  
Solihull  
B91 2QJ

Registered Charity: 200719  
Company No: 574816  
Regulator of Social Housing No.: H1046  
Care Quality Commission No.: 1-102642859

[Left blank intentionally]

# CONTENTS

## Annual Report

About us	4
Our Board, Committees and Executive Team	6
Our Patrons and Advisors	7
Report of Our Chair	8
Report of the Board (incorporating Strategic Report)	10
Operating and Financial Review	15
Value for Money	19
Risks and Mitigations	21
Statement of Responsibilities of the Board	22
Governance	23
Independent Auditor's Report to the members of The Abbeyfield Society	26

## Financial Statements

Consolidated Statement of Comprehensive Income	29
Society Statement of Comprehensive Income	30
Consolidated and Society Statements of Financial Position	31
Consolidated Statement of Cash Flow	32
Consolidated and Society Statements of Changes in Reserves	33
Notes to the Financial Statements	34

# ABOUT US

## The Abbeyfield Family

Abbeyfield was founded as a charity by Richard Carr-Gomm in 1956 with a mission to enhance the quality of life for older people through the provision of high quality accommodation in a stimulating environment and to help them maintain a socially active life. Abbeyfield homes are closely linked to their communities and community is at the heart of Abbeyfield, providing an environment where people come together to share activities and enjoy life. Abbeyfield is more than a home, it's a neighbourhood, a community, a family.

The Abbeyfield family is a membership organisation encompassing a number of independent member societies operating under the Abbeyfield brand umbrella. These member societies support older people in housing and residential care and nursing services, with each member society being managed independently by its own Board of Trustees. Today, a network of Abbeyfield homes has been created across the United Kingdom and overseas with over 400 homes in eight countries, including the United Kingdom, Australia, Belgium, Canada, Jersey, South Africa, Poland and New Zealand, providing a supportive community to over 6,000 residents.



## Our Society

The Abbeyfield Society, which is also now trading as the Abbeyfield Living Society, has, for a number of years, been acting both as a provider of homes and the umbrella organisation for all Abbeyfield Societies in the United Kingdom and internationally. During the year, following consultation with all Abbeyfield member organisations, a decision was made to create a new structure headed by the newly formed The Abbeyfield Society World Council (TASWC), with Abbeyfield England (AE) acting as a new umbrella organisation for all English Societies including the Abbeyfield Living Society. This constitutional change is beginning to take shape, with 2023-24 being a transitional year. With effect from 1 April 2023, The Abbeyfield Living Society (also referred to as the Society) ceased to serve as the umbrella entity for the Abbeyfield family. This will allow the Society to focus more on its residents, staff, and the service offerings to the communities within which it operates. For the year ended 31 March 2023, this report still covers the activities of the Society as a provider of both care and housing services and of membership services to the Abbeyfield family.

## Our Charitable Objects

Our charitable objects are contained in our Memorandum and Articles of Association. These are:

- The relief and care of the elderly persons of all classes, beliefs and nationalities suffering from the disabilities of old age or otherwise in need.
- The spreading of Christian principles to all human relationships and the application of humanitarian aims to promote the relief of the elderly.
- The provision of further education in the sphere of voluntary work, social work and similar activities so as to inculcate the principles of good citizenship.
- The provision and management of housing, accommodation or assistance, including providing and maintaining or assisting in, providing and maintaining houses and homes for the relief and care of the elderly persons suffering from the disabilities of old age or otherwise being in need.
- Such other purposes recognised by English law as charitable as the Society shall determine from time to time.

## ABOUT US (continued)

### Our Services

Our service offerings include the provision of:

- Independent living accommodation
- Sheltered housing
- Residential care homes
- Dementia friendly care homes
- Care at home

Depending on the level of independence and the requirement for care support, our homes are tailored to cater for a broad range of residents' needs. Ranging from homes best suited for individuals that are active and self-reliant to homes specifically designed to help support residents living with dementia. Our homes are accessible to take into account the current and future needs (as far as possible) of the residents we support.

### Our Vision

Our Vision is for a world without loneliness in later life. We seek to create communities that keep more people connected through our homes, activities, communal spaces and engagement with the communities around us.

### Our Behaviours

# W

**Welcoming** - We seek, hear, respect, value and welcome others and their views so we benefit from the different experiences of our communities.

# R

**Responsible** - We are all part of Abbeyfield so we must each take personal responsibility for our words and actions and say when something is not right.

# A

**Adaptable** - We are strong yet flexible, we evolve with the changes around us so we all continue to thrive and flourish.

# P

**Positives** - We celebrate the positives. We celebrate later life and the many things we share so, when good things happen, we hear all about it and so does the world.

# C

**Collaborate** – We champion collaboration and belonging, looking outwards and working together to achieve something better.

# OUR BOARD, COMMITTEES AND EXECUTIVE TEAM

## Board of Trustees

Jenny Lawrence – Chair  
Chris Smith CBE - Deputy Chair  
Amanda Houlihan  
André Decraene (until 15 September 2022)  
Cedric Meiring (until 11 October 2022)  
George Ashworth  
Jeff Medlock (until 15 September 2022)  
Marc Marrero (from 15 September 2022)  
Mike Turner  
Roger Lees  
Rt. Rev Dr Stephen Venner (until 30 June 2022)  
Sara Beamand  
Professor Brian Williams CBE (until 15 November 2022)

---

## Committees of the Board

### Audit and Risk Committee

Chris Smith (Chair)  
Marc Marrero

### Customer Committee

Sara Beamand (Chair)  
Chris Smith

### Finance and Investment Committee

Roger Lees (Chair)  
George Ashworth  
Mike Turner

### People Committee

Amanda Houlihan (Chair)  
Jenny Lawrence  
Sara Beamand

### Property Committee

Roger Lees (Chair)  
Chris Smith  
George Ashworth  
Mike Turner

---

## Executive Team

Paul Tennant OBE - Chief Executive Officer  
John Clark - Finance Director (until 31 December 2022)  
Abiola Yusuf - Finance Director (from 1 December 2022)  
Anna Boyes - Director of Marketing and Fundraising (until 14 April 2023)  
Gail Manley - Director of Human Resources  
Jonathan Sweet - Director of Legal & Compliance and Company Secretary  
Julie Freear – Customer Operations Director  
Richard Virr - Director of Property and Development (until 12 August 2022)

# OUR PATRONS AND ADVISORS

## Royal Patron

His Majesty the King, King Charles III\*

*\*Following His Majesty The King's Accession, the Royal Household is conducting a review of Royal Patronage.*

---

## Patrons

The Rt. Hon Baroness Bottomley of Nettlestone  
Michael Brooks  
Dame Judi Dench DBE  
The Lord Elis-Thomas  
Aled Jones  
Ron Kenyon OBE  
The Duchess of Northumberland  
The Rt. Hon Lord John Prescott of Kingston upon Hull  
John Robinson CBE  
Patricia Routledge OBE  
Martin Shreeve OBE MBA DSW BSc (Econ)  
Michael Staff MBE  
Dame Gillian Wagner DBE PhD  
Professor Alan Walker DLitt FRSA  
The Rt. Rev & Rt. Hon Baron Williams of Oystermouth  
The Carr-Gomm family (David Carr-Gomm, Adam Carr-Gomm, Harriet Carr-Gomm, Elizabeth Parker and Anna Newton)

---

## Advisors

### EXTERNAL AUDITORS

Crowe U.K. LLP  
55, Ludgate Hill  
London EC4M 7JW

### SOLICITORS

Anthony Collins LLP  
134 Edmund Street  
Birmingham B3 2ES

### INTERNAL AUDITORS

Mazars  
30 Old Bailey,  
London, EC4M 7AU

### BANKERS

Barclays Bank Plc  
1 Churchill Place  
London E14 5HP

---

## LEGAL STATUS

Registered company limited by guarantee with the Registrar of Companies, No 574816

Registered with the Regulator of Social Housing, No H1046

Registered with the Charity Commission, No. 200719

Registered with the Care Quality Commission, No.1-102642859

---

## REGISTERED OFFICE

17-19 Hampton Lane  
Solihull,  
B91 2QJ

Telephone: 01727 857536

Fax: 01727 846168

Email: [post@abbeyfield.com](mailto:post@abbeyfield.com)

# REPORT OF OUR CHAIR

The financial year ended March 2023 has proven to be another challenging year, albeit with a number of positives to reflect upon and celebrate. Our focus was on a small number of clear priorities to improve our performance and I am pleased to report that progress has been made in a number of areas.

## A Relief

Thankfully, we saw a significant easing of the challenges caused by Coronavirus (Covid-19) after the trauma and worry of the last three years, and the desperately sad loss of so many people who are still in our thoughts. It is a relief to be able to transition back to a more normal environment. However, the implications of Covid-19 are still with us and the Board recognises how difficult the operating environment has been in recent years and the significant challenges over the year.

## Performance Outcomes

In September 2022, Abbeyfield England and The Abbeyfield Society World Council were established as the two new umbrella organisations to oversee membership affairs within England and globally retrospectively. As a result, the Society became a member of Abbeyfield England on 1 April 2023 to allow it to focus on its core operations, which are to deliver excellent care, housing, and support to its residents, within stimulating environments. For the year ended 31 March 2023, this report still covers the activities of the Society as a provider of both care and housing services and of membership services to the Abbeyfield family.

The ongoing cost-of-living crisis has significantly affected our residents and staff as well as the Society's cost base, with increasing energy costs, insurance premiums and supplier costs. The challenge of increasing occupancy has proven stubborn to overcome and, as highlighted on page 18 of this report, occupancy fell from 83% in 2020/21 to 80% this year, with a £1.9m net income impact. The problem has been acute in our care homes where occupancy fell from 79% in 2020/21 to 76% this year and Management continues to focus on this issue. I was pleased to see that all but three of our care homes are rated as Overall Good or Outstanding by the Care Quality Commission. However, through our revised Quality Assurance programme our ambition is to continue to improve these ratings.

Recruiting and retaining staff in the housing and social care sectors remains a national issue. The shortage of staff in the sectors and the competition for hires resulted in the requirement to employ a number of costly agency staff. Whilst this has been necessary to continue delivering the best care and support to our residents, it has come at a cost to business performance, with staff costs already forming the largest proportion of total costs. Agency costs increased to over £3m in this financial year, 12% of operational staff costs compared to £1.7m in 2020/21, at 7% of operational staff costs. We have made significant changes to our pay and rewards to attract new permanent recruits and retain staff.

The Decent Homes Standard, and the need for effective asset strategies and planned investment to meet future demands, is key. The Society completed a property stock condition survey during the year to identify the investment required to adequately maintain our homes over the next 30 years, including reviewing the energy efficiency of each home and making recommendations on energy improvement works required to achieve a minimum EPC (Energy Performance Certificate) C rating by 2030 and be Net Zero Carbon by 2050. The Board was pleased to amend the staff operating structure to deal with these challenges head-on.

Our people are a vital resource and I am pleased that we have maintained strong engagement reflected once again in the B-Heard staff satisfaction survey. Whilst I am pleased we retained our "one to watch" status and were seen again by Best Companies as one of the best large companies to work for in the UK, we want to do better. A great deal of effort has gone into working with, supporting and developing our staff. This will be more difficult in the coming year with the organisational changes underway.

The effects of Covid-19 infections and travel restrictions also impacted other areas such as, property and maintenance works as we experienced backlogs due both to access issues and availability of contractors. The catch-up work that is now necessary will impact our financial results in the forthcoming year, as we are budgeting to spend an extra £1.1m on building safety works, on top of the 2023/24 budget.

The Society has reduced its development programme in recent years but announced the completion of the scheme at Horsted Keynes, Westall House. This modernised Independent living accommodation comprises 24 apartments, 16 of which are for market rent and eight for outright sale. We look forward to welcoming our first resident and completing the market sales in the new financial year.



# REPORT OF OUR CHAIR (continued)

## Financial Outturn

Impacted by the operational challenges, our financial outturn at the end of the year was a net deficit of £7.4m. Although, this was an improvement on last year's net deficit of £15.3m, I am disappointed with the combined net loss of £32.7m over the last 5 years as set out on page 16 of this report. Whilst £18.4m of this relates to impairment write-offs, this is not a position we wish to be in. Against the current economic backdrop, one can expect cost inflation to continue to rise. According to the Office of National Statistics (ONS), the Consumer Prices Index (CPI) including owner occupiers' housing costs (CPIH) rose by 8.9% in the 12 months to March 2023 with the biggest drivers being housing and household services (such as electricity, gas, fuels, food, and non-alcoholic beverages). Similarly, the ONS reported that wage inflation was 6.6% between December 2022 and February 2023. The Board is therefore committed to ensuring the Society focuses on becoming sustainable in the coming years.

## Moving Forward

We have a big agenda ahead and know that our resources are stretched and finite. However, I am confident that the Executive Team will continue to work hard with the Board of Trustees to secure the longer-term sustainability of the Society. We will use the insights we have about our homes to drive financial capabilities and seek opportunities to leverage our assets so that we can continue to build on our legacy of preventing and alleviating the loneliness that can come with later life through the delivery of quality homes and excellent care and support. As discussed on page 12, we will focus on how we can improve customers' experience of our services, enhance the culture of our workforce, improve our financial viability, and strengthen our compliance and regulatory framework. Our guiding principle is placing our residents at the heart of all we do.

## Support

The work we do cannot be complete without the support, financial and non-financial, that we receive from our staff and wonderful team of volunteers, donors, and patrons. My heartfelt gratitude goes to our network of volunteers who tirelessly return to our services, committed to ensuring our residents are engaged and staffing activities supported. We are also grateful for the financial donations and legacies received during the year with particular thanks to the Mary Feilding Guild Trust for their donation in June 2022 and an additional donation received in April 2023 both of which will go towards enhancing the digital and technological advancements of our homes and enhancing the quality of lives of our residents.

## Giving Back

In recent years, through our subsidiary company – The Abbeyfield Research Foundation – we have financially supported research projects focussed on alleviating loneliness, enhancing well-being, and improving the quality of lives of older people. I am pleased to confirm the completion of five such projects this year. These include a feasibility study on *Enhancing Person-centeredness in Community Support of Older People* – conducted by a researcher from the University of York; *Identifying Barriers and Enablers to the Use of Digital Technology for Self Management of Long-term Conditions in Older Adults* – conducted by a researcher from Sheffield Teaching Hospital and; *An Exploration of The Social, Psychological and Physical Impacts of living with Dementia in Supported Housing* - conducted by a researcher from the University of West Scotland. We are currently reviewing our future research approach to reflect the needs of our current and future residents.

## Board Changes and Appreciations

During the year, André Decraene, Cedric Meiring, Jeff Medlock, Rt. Rev Dr Stephen Venner and Professor Brian Williams CBE stepped down from the Board. I would like to reiterate my thanks to them for their excellent contributions whilst on the Board. Their professionalism, expertise and knowledge of the sector and the Abbeyfield Family as a whole will be missed. We will be looking to bring in new skills and capabilities in the coming months.

As I also step down from the Board of the Society, I have been deeply honoured to become the Chair of The Abbeyfield Society World Council. I would like to note my deepest gratitude to my fellow Board members for their immense contributions and counsel, and for the assurance they bring in shaping the direction of the Society. I would also like to express my admiration and thanks to the Executive Team, staff and volunteers for making a difference in so many people's lives.

## REPORT OF OUR BOARD (INCORPORATING STRATEGIC REPORT)

The Board presents its report, which incorporates the Strategic Report as set out in company law, including the audited financial statements for the year ended 31 March 2023. Our aim is to strive to improve the quality of older peoples' lives by reducing the incidence of loneliness in later life. This means creating a caring and compassionate Abbeyfield community which provides warmth, support and wellbeing for all our residents. We believe that everyone, irrespective of their age, has a unique and invaluable contribution to make to the lives of others. By helping to create and grow communities which encourage people to remain happily together, we will deliver on that mission.

Our principal activities during the year were:

- The provision and development of accommodation, care and support services for older people and;
- The promotion and support of the activities of member societies, including the provision of technical, operational and administrative advice.

We offer four housing and or care options namely:

- **Independent Living:** designed for active, self-reliant individuals. It allows our residents to live completely self-sufficient with communal hubs to socialise and connect with their neighbours.
- **Sheltered Housing:** sometimes known as assisted or supported living, offers the benefits of independent living whilst remaining a part of a friendly and sociable shared home.
- **Residential Care Homes:** Our residential care homes are designed for those with personal care needs or requiring one-to-one support from a qualified carer. Our residents live with the security of on-site staff who are present 24 hours a day to provide care and support.
- **Dementia Friendly Care Homes:** Our dementia friendly care homes have been designed to help support residents living with dementia or other forms of memory loss. These homes offer the same high quality support one will find in our care homes with extra tailored support for those living with dementia.

Abbeyfield takes great pride in the food that we offer in our homes, from light meals, baking competitions, Sunday roasts to celebrating festivities, food is always at the heart of what we do as we see this as a perfect way to bring people together. The number of homes and associated assets owned and managed directly by the Society and, owned but managed on behalf of the association are:

	As At March 2023	As at March 2022
<b>Owned and managed directly</b>		
Affordable Rent	114	114
Housing for older people (Rental)	950	971
Housing for older people (Shared Ownership)	5	5
Care Homes (residential, nursing and dementia)	653	653
Market Rent	77	61
Leasehold	97	89
Commercial	18	18
Restaurants	3	3
<b>Total directly managed</b>	<b>1,917</b>	<b>1,914</b>
<b>Owned but managed by others</b>		
Housing for older people (Rental)	75	75
Housing for older people (Shared ownership)	15	15
Housing for older people (Leasehold)	15	15
<b>Total managed on our behalf</b>	<b>105</b>	<b>105</b>
<b>Total owned</b>	<b>2,022</b>	<b>2,019</b>

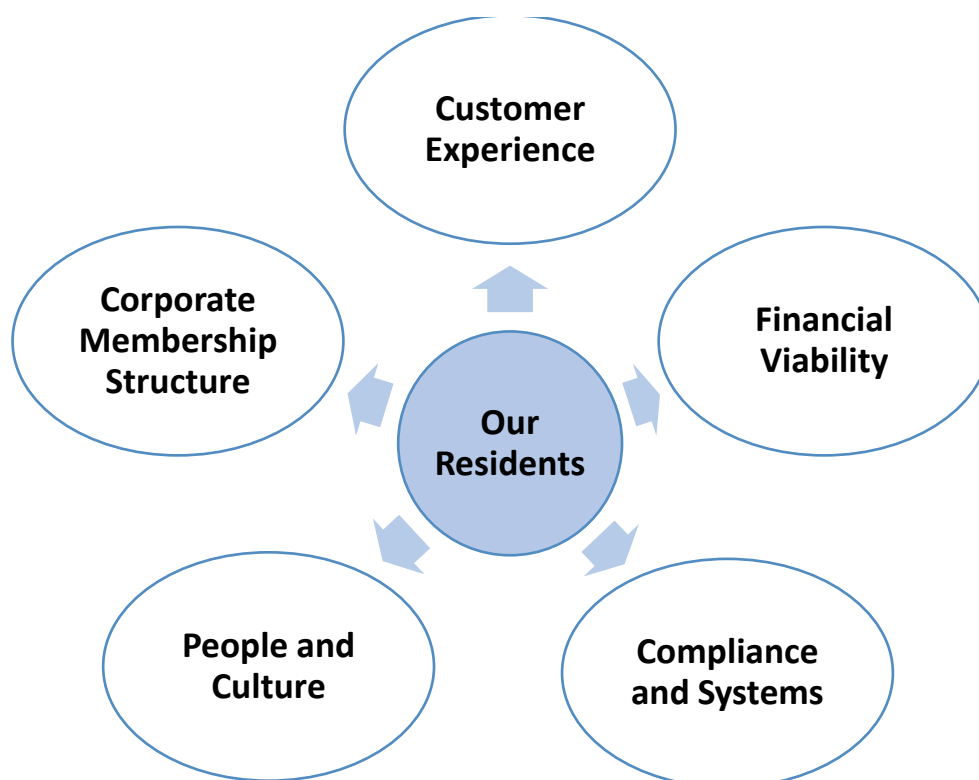
## REPORT OF OUR BOARD (continued)

During the year the number of units owned and managed directly increased by a net three beds. The movements in the year include the development growth of 24 units (16 of which were developed as market rents and eight are for outright leasehold sales) and the disposal of a 21-unit scheme, in line with our Asset Management Strategy. Included in the total number of units directly managed at the end of the year are four care homes which were decommissioned by the year end. These have been earmarked as discontinued operations in the financial statements. There was no movement in the number of units owned and managed by others.

### Our Corporate Objectives 2022/23

This report and the financial statements correspond to the first year of our strategic focus following the appointment of a new CEO in January 2022. Having analysed our operating environment and a number of pressing challenges faced by the Society, the strategic focus for 2022/23 was to stabilise services following the pandemic which had a major impact on our residents, services and finances; launch a programme of improvements to processes, structures, planning, intelligence and business focus; and lead a transformation programme to right size and right shape the Society.

Five Corporate Objectives were agreed by the Board as set out below.



## REPORT OF OUR BOARD (continued)

Placing our residents at the heart of all we do, we set ourselves the following five Corporate Objectives:

- To improve our customers' experience
- To improve our financial viability and maximise resources
- To strengthen our regulatory compliance and invest in systems infrastructure
- To enhance our culture and build the capacity and capability of our people
- To commence the restructuring plan of becoming a member organisation

To deliver on these Corporate Objectives, a number of detailed actions and milestones were set. Furthermore, the Corporate Objectives were developed into a Balanced Scorecard and are now measured and reported on quarterly basis to our Board. The Corporate Objectives have also been broken down into meaningful departmental objectives and linked to staff objectives to ensure all staff members are connected to the business plan objectives.

### What We Achieved in the Year

The 2022-23 financial year has not been without its challenges. Although our financial performance lagged behind expectations, some progress was made towards achieving our Corporate Objectives.

<p><b>Customer Experience</b></p>	<p>The results from this year's Residents' Engagement survey showed that 88% of Housing residents who responded are satisfied with the service provided by Abbeyfield, while 87% of Care Home residents who responded are satisfied with the overall standard of the service. Further more, 97% of Housing and 94% of Care Home respondents believe our staff are friendly and approachable. We improved on our care home ratings with the Care Quality Commission.</p>
<p><b>Financial Viability</b></p>	<p>We achieved Practical Completion of 24 new social housing units at Westall House, Horsted Keynes. We also repaid our bank loan which improved our gearing ratio. We revamped our Treasury Management policy to allow us to optimise our cash holdings and improve interest yields whilst reducing counterparty and liquidity risks. We improved on our restricted reserves utilisation and also saw a slight improvement in our operating margin % - social housing letting as reflected in Value for Money metrics.</p>
<p><b>Compliance and Systems</b></p>	<p>We kept up with our regulatory compliance and reporting frameworks to our lender, Regulators, and the Charity Commission. We responded promptly to internal audit recommendations and changes to legislation. We also revamped our Risk Management Framework and risk appetite, developing a new Corporate Risk Register. The Experience Programme (Technology transformation) also delivered improvements to the customer and staff experience by enhancing some of our systems including the roll out of new mobile phones, Office 365, Modern desktops to facilitate remote working and the installation of SD WAN and Wi-Fi in some of our schemes.</p>

## REPORT OF OUR BOARD (continued)

<b>People and Culture</b>	We completed an exercise to externally benchmark and enhance the pay rates of our frontline staff and also moved to consistent pay rates, a legacy from working in the past as a regionalised organisation. We completed the 2022 B-Heard Survey (our employee engagement forum) which showed that 71% of the respondents are engaged and satisfied working for Abbeyfield. This is an improvement of 4% on the previous year. We also enhanced our recruitment and retention benefits in response to the Cost of Living crisis.
<b>Membership Structure</b>	Following the 2020 and 2021 Annual General Meetings, the Abbeyfield Family approved a revised structure to deliver a more members-focused federation. We achieved the creation of two umbrella organisations namely, Abbeyfield England (AE) and The Abbeyfield Society World Council (TASWC). This also meant that with effect from 1 April 2023, the Society itself became a member society and ceased to be the umbrella organisation for the family. The Society however continue to support the Abbeyfield Family during the transitional year from 1 April 2023 to 31 March 2024.

### Our Strategic Focus 2023/24 and 2024/25

Acknowledging that some progress was made against the 2022/23 Strategic Objectives, we are committed to delivering value and quality care and support to our residents. We acknowledge the 2023/24 and 2024/25 financial years are going to be equally challenging given the macro and micro economic factors faced by the housing sector and rightly set out in the Regulator's Sector Risk Profile 2022. The UK economy has been exposed to a sequence of severe shocks over the last few years. Recovering from the pandemic, the economy is reported to be smaller than it was at the start of 2022. Rapid and increasingly prolonged inflation, a tight labour market, and continuing supply chain disruption are all increasing costs for providers. This is not to underestimate the impact of rising interest rates on our supply chain. In common with similar Boards, we are inevitably faced with difficult trade-off decisions so as to ensure we are delivering on our core objectives.

For the coming financial years, the Board has agreed the following four Strategic Objectives:

- Achieve operating surplus by the end of 2025;
- Improve our customers' experience of our housing, care and support services;
- Enhance our culture and build the capacity and capability of our team;
- Complete the transition from being an umbrella organisation to being a member society.

### What Does Success Look Like

- **Achieve operating margin by 2025**

This is one of the key corporate priorities for the coming year as an organisation delivering economic, effective and efficient services to our residents. To achieve this, we will undertake an in-depth review of our cost-base and understand the long-term viability of all our schemes. We will look to reshape and resize the organisation and address future investment requirements.

**Key measures of success are:**

- Performance against approved budget and 30-year business plan
- Liquidity Cover
- Headline Social Cost per Unit that demonstrates Value for Money for our residents

## REPORT OF OUR BOARD (continued)

- **Improve our customers' experience of our housing, care and support services**

We will strive to deliver high levels of customer service at all times, encourage and respond to feedback regarding the lived experience of our customers and ensure our homes are safe and welcoming places where we are able to enrich the lives of all who live with us.

**Key measures of success are:**

- Reduction in the level of voids
- Implementation of resident engagement plan
- Delivery of the Experience Programme projects

- **Enhance our culture and build the capacity and capability of our team**

We will recruit, retain and develop our staff ensuring we provide the right tools and resources to empower and inspire great leadership in our staff and governance. We will celebrate successes, learn from failures and champion our values.

**Key measures of success are:**

- Improved outcome from the 2023 B-Heard Survey
- Reduction in staff turnover rate
- Implementation of the HR and Payroll system's full functionalities

- **Complete the transition from being an umbrella organisation to being a member society**

We will complete structural changes in a revised governance structure and improve our financial performance as a member society. We will work with Abbeyfield England and The Abbeyfield Society World Council through the various consultations, ensuring effective engagements during the transitional year.

**Key measures of success are:**

- Clear governance structure
- New membership agreement
- Agreed quality and reporting standards

In relation to these objectives, a Balanced Scorecard approach is being taken in measuring and reporting on performance against objectives. The Balanced Scorecard is discussed with our Senior Leadership Team quarterly with updates provided to the Board also quarterly.

# OPERATING AND FINANCIAL REVIEW

The operating environment for the Group remains challenging. At the end of the financial year, the reported Group deficit was £7.4m (2022: £15.3m), £6.0m of which related to continuing operations and £1.4m discontinued operations. The discontinued operations represent four care homes that were decommissioned during the year, in line with our asset management strategy. Despite the decommissioned care homes, there was a 7% increase in turnover compared to the prior year. Operating costs were 6% higher than last year and there was an impairment charge of £1.95m (2022: £10.9m). This resulted in an operating deficit of £7.3m, before accounting for the net loss of £0.1m realised from the disposal of housing properties.

## Turnover

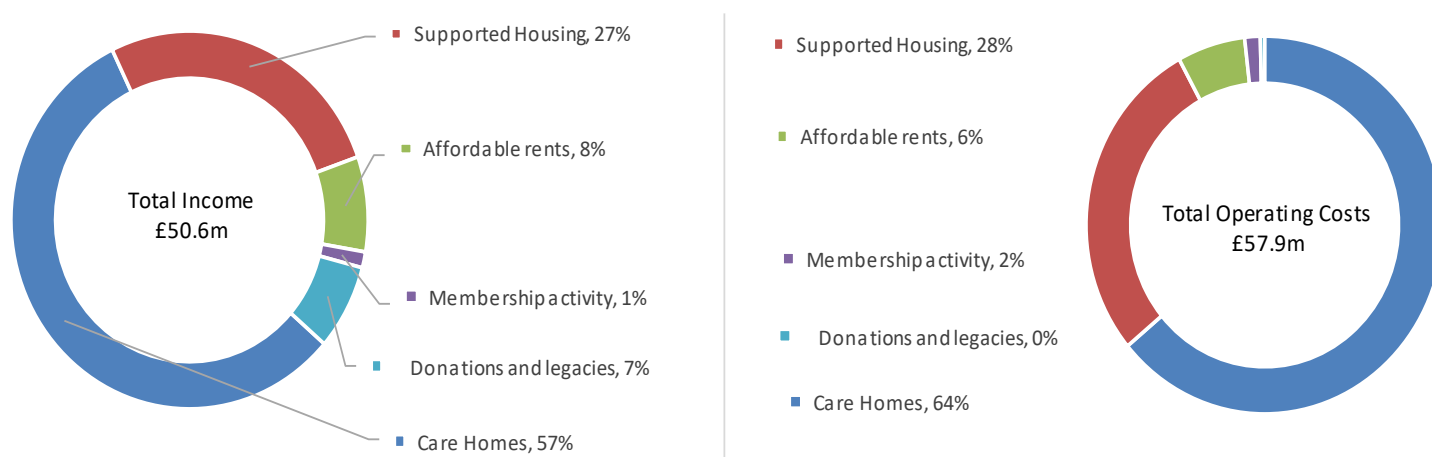
Income from housing, care and support services increased by £3.5m to £50.6m (2022: £47.1m). The 7% increase in turnover can be attributed to the rent increases applied in accordance with the 2022 Rent Standard for supported housing lettings and increased residential care fees. £28.5m (57%) of the income realised in the year was from care home fees, £13.5m (27%) was from supported housing, £4.1m (8%) from affordable rents, £3.6m (7%) from fundraising and legacy income and the remaining £0.8m (2%) from membership and other activities. The income losses as a result of voided properties were £9.0m (2022: £10.2m).

## Operating Costs

Total operating costs before the impairment charge of £1.95m (2022: £10.9m) was £55.9m (2022: £53.0m). This represented a £2.9m (6%) increase on the prior year. Although our direct employee costs reduced from £30.1m to £27.7m, we saw a significant increase in our agency labour spend. This was due to high staff turnover rate. The annualised staff turnover rate was 34%, with 41% reported in our care homes and 21% reported in our supported housing. The Care Quality Commission (CQC) stated in a recent publication that the pandemic brought into sharp focus how much people depend on the skills and experience of health and social care staff. But across the breadth of health and social care services, providers are struggling desperately to recruit and retain staff with the right skills and in the right numbers to meet the increasing needs of people. The CQC reported an average staff turnover rate of 38.2% during the year, an increase from 26.5% in prior year. As part of our cost mitigation strategy, we reviewed our recruitment and retention strategy, third party engagements, staff pay award and retention packages. Energy costs also saw a significant increase although we managed to mitigate part of the increase by fixing contracts, as soon as was possible.

## Operating and Net Deficits

The operating deficit at the end of the year was £7.3m (2022: £16.8m), as illustrated in the pie charts below. This included an impairment charge of £1.95m. Whilst we saw an increase in interest receivable from £0.07m to £0.26m resulting from optimising our cash deposits held with banks, the interest payable costs increased to £0.26m from £0.17m. Our property disposal programme lagged behind budget contributing to the net Group deficit of £7.4m at the year end (2022: £15.1m).



## OPERATING AND FINANCIAL REVIEW (continued)

Summaries of the financial performance and statement of financial position, for the last five years, are set out below.

### 5-Year Overview of Income and Expenditure

For the year ended 31 March	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Turnover	50,612	47,088	48,102	50,949	54,793
Operating Costs	(55,960)	(53,022)	(52,441)	(57,853)	(56,891)
Impairment	(1,951)	(10,869)	-	(6,421)	851
Operating Deficit	(7,299)	(16,803)	(4,339)	(13,325)	(1,247)
Other net (costs) or contributions	(134)	1,682	5,600	2,621	534
<b>Net Deficit</b>	<b>(7,433)</b>	<b>(15,121)</b>	<b>1,261</b>	<b>(10,704)</b>	<b>(713)</b>

### 5-Year Overview of Financial Position

As at 31 March	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Housing properties	117,585	121,852	133,423	139,083	151,947
Other fixed assets and investment properties	2,033	858	945	1,178	1,404
Net current assets	12,374	22,553	24,845	11,833	13,145
Creditors falling due after more than one year	(20,825)	(26,663)	(25,492)	(19,634)	(23,332)
<b>Net assets</b>	<b>111,167</b>	<b>118,600</b>	<b>133,721</b>	<b>132,460</b>	<b>143,164</b>

### 5-Year Overview of Cash flow

For the year ended 31 March	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	(7,508)	(6,571)	3,172	(2,235)	2,578
Net cash used in investing activities	(1,175)	7,764	9,622	3,472	(5,665)
Net cash (outflow)/inflow by financing activities	(262)	(172)	(143)	(211)	(325)
Net (decrease)/increase in cash and cash equivalents	(8,945)	1,021	12,651	1,026	(3,412)
<b>Cash and cash equivalents</b>	<b>15,767</b>	<b>24,712</b>	<b>23,691</b>	<b>11,040</b>	<b>10,014</b>



# OPERATING AND FINANCIAL REVIEW (continued)

## Capital Structure and Treasury Management

The Society is financed from its retained surpluses, part of which have arisen through the receipt of legacies and donations which may be restricted in their use. In addition, any surplus arising from the disposal of properties, following the closure of schemes deemed not financially viable, has contributed to our capital reserves. At the end of the financial year, the Society had a Revolving Credit Facility (RCF) of £5m which was undrawn, as well as, a £5m overdraft. Both bank facilities are secured on a selection of the Society's properties. After the year end date but prior to the signing of the accounts, the Board decided not to renew the RCF but instead to increase the overdraft to £8m. This new arrangement will provide the Society with an adequate level of liquidity and remove the requirement to comply with the restrictive interest cover covenant. The Society is unable to raise equity funding because of its legal form. As required by the Regulator of Social Housing, 30-year financial and cash flow forecasts are prepared annually to ensure that an adequate funding strategy is in place. The Society invests cash surplus to immediate operating needs in short term interest-bearing deposit accounts, in line with its Treasury Management policy.

## Employees

The number of full time employees (FTEs) has reduced by 10% (2022: 11.5%) in the year. As at 31 March 2023, the total number of FTE employees was 876 (2022: 974) as per Note 9 to the Accounts.

## Reserves Policy

An important role for the Board is ensuring the long-term sustainability of the Society. Abbeyfield's reserves policy sets out the basic principles that it should give the Society the resilience and financial capacity necessary to manage unforeseen business plan stresses; give assurance to lenders and creditors that the Society can meet its financial covenants and / or commitments; mitigate liquidity risks; protect the Society from a fall in income as a result of voids and boost working capital reserve to provide capital in the event that expenditure is needed ahead of income being received. In previous years, the Board sought to maintain minimum free reserves of £10m. With effect from 1 April 2023, liquidity cover of four months, with an aspiration of six months, has been set by the Board as part of its Golden Rules. The total reserves at the end of March 2023 were £111.2m (2022: £118.6m). Of this, the liquid funds (i.e. cash and cash equivalent with investments) were £16.1m (2022: £25.3m) and the total restricted reserves were £5.6m (2022: £6.97m). Therefore the free reserves at the end of the financial year were £10.5m, which is above the minimum £10m free reserves requirement. The liquidity cover at the end of the year was £26m (i.e. cash and cash equivalent, investments, RCF and Overdraft) representing five months of expenditure.

## Going Concern and Viability

The net assets of the Group at the end of the year were £111.2m (2022: £118.6m) with total assets net of current liabilities of £132.1m. In addition to this, the Group had £10m of undrawn lending facilities. Although, the Group is reporting a net Group deficit of £7.4m (2022: £15.1m deficit), the Board has developed a long-term Business Plan based on a sustainability strategy that shows the Group's business activities will generate positive operating margins from 2025/26. The 30-year Business Plan, which has been stress-tested against challenging scenarios and a range of multi-variates, also shows a transformational plan which will lead to the Society achieving a net Group surplus from 2024/25.

A full financial and market viability review of the properties owned has been carried out. The Society has also revised its risk and mitigation framework and agreed a set of Trustees' risk appetites. The sustainability strategy is also supported by a set of newly developed Golden Rules with mitigating actions for financial resilience. The Society has committed significant sums for a major works programme over the next five years and will be setting up a development fund to ring-fence part of its sales proceeds for new investment. Performance against targets will continue to be monitored by the Finance and Investment Committee, Audit and Risk Committee and the Board. On this basis, the Board considers it has adequate resources to continue operations for the foreseeable future and to adopt the going concern basis as the basis for preparing these accounts.

# OPERATING AND FINANCIAL REVIEW (continued)

## Key Performance Indicators (KPIs)

In addition to the technical Value for Money metrics required by the Regulator of Social Housing, we have a suite of KPIs that are measured on a monthly basis some of which are detailed below.

	2022/23	2021/22	2020/21	2019/20
Operating Margin % (continuing operations excluding impairment)	(9.2%)	(7.4)%	(5.9)%	(7.5)%
Care occupancy %	82%	76%	79%	88%
Housing occupancy %	85%	84%	87%	87%
Development expenditure	£0.7m	£4.2m	£3.5m	£8.5m
Fundraising Income	£3.6m	£1.9m	£2.0m	£1.1m

## Donations

The Society and its subsidiaries made no political donations during the year.

## Health and Safety

The Society is aware of its responsibilities on matters relating to health and safety. The Society has prepared detailed health and safety policies and provides training and education to our staff on health and safety matters. Any notable accidents or incidents are reviewed by our Customer Committee on a quarterly basis to ensure lessons are learnt which can prevent similar occurrences in the future. In the reporting period, we had four Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reports submitted to the Health and Safety Executive (HSE). The total number of serious incidents reported to the Charity Commission during the year was 25 (2022: 12).

## Residents' involvement

We actively encourage the involvement of residents and their families in decision-making by promoting forums where they can contribute to the decisions that affect them. We also carry out an annual Residents' Survey to measure satisfaction with care and housing services and to obtain feedback.

## Complaint Handling

The Society adheres to the Housing Ombudsman's Complaint Handling Code (the Code). As part of compliance with the Code, an annual self-assessment of our complaint handling procedures is completed. The self-assessment in the year showed that the Society was fully compliant with 63 recommendations and partly compliant with six other recommendations. The residents' survey showed that 70% of respondents were satisfied with how their complaints were handled.

## Compliance with Governance and Financial Viability Standard

The Board confirms that the Society has met the Regulator of Social Housing's regulatory requirements in the Governance and Financial Viability Standard applicable in the reporting year. During the year, following the stability check, the Regulator reaffirmed the strapline judgement and the ratings of G2 V2 were maintained.

## Statements of Compliance

The Board confirms that this Strategic Report Review has been prepared in accordance with the principles set out in the 2018 SORP for registered housing providers. We are also pleased to report that the Society continues to comply with the principal recommendations of the NHF Code of Governance 2020.

The Strategic Report and Report of the Board were approved by the Board on 7 September 2023 and signed on its behalf by:

---

**Jenny Lawrence**  
Chair

# VALUE FOR MONEY (VfM)

## VfM Strategy

The Board is committed to delivering Value for Money through the Society's activities. Our VfM Strategy 2019-2024 was developed to ensure we continue to improve our understanding of our current value for money position; promote and embed a value for money culture; achieve year on year efficiency savings; target resources towards front line services; and maintain a high level of resident satisfaction with value for money.

## Benchmarking

In order to maintain compliance with the VfM standard, we monitor the performance of the Society against appropriate benchmarks and also look to understand variances. For robustness, we have selected two benchmark groups to compare our performance against. We also present below our year-on-year comparison of the technical metrics. Explanations are also provided below where there is a significant variance from the peer groups.

## Our Year-on-Year Comparison of Technical VfM metrics

The table below summarises our year-on-year VfM performance with a flag to illustrate whether there has been improvement, decline or an unchanged position. The table shows we made an improvement in the new supply delivered for social housing units. Achieving Practical Completion of the scheme at Horsted Keynes, Westall House, in the current economic climate is remarkable. The scheme offers 16 market rented units and 8 for outright leasehold sale and we look forward to welcoming new residents in the coming year. We are also pleased to report an improvement in the gearing ratio which resulted from the repayment of the Revolving Credit Facility. There was however a decline in our Reinvestment %, EBITDA MRI Interest Cover, Headline Social Cost per Unit, Operating Margin %s and Return on Capital Employed. As these metrics are linked to contributions from operations or profitability, the reported deficits of the Society, year-on-year, has been the lead contributing factor.

	The Abbeyfield Society - Year on Year	2019/20	2020/21	2021/22	2022/23	Flag
1	Reinvestment %	6.3%	5.5%	3.4%	2.6%	↓
2a.	New Supply delivered – Social Housing Units	4.9%	0.3%	0.0%	1.6%	↑
2b.	New Supply delivered – Non Social Housing Units	0.0%	0.0%	0.0%	0.0%	↔
3	Gearing %	13.4%	-14.0%	-16.2%	-13.4%	↑
4	EBITDA/MRI Interest Cover	-2511%	-1870%	-3409%	-2188%	↑
5	Headline Social Cost per Unit	£25,363	£23,042	£24,403	£25,047	↓
6a.	Operating margin % - Social Housing lettings only	-19.9%	-25.2%	-23.9%	-21.98%	↑
6b.	Operating margin % - Overall	-13.9%	-9.0%	-9.0%	-10.93%	↓
7	Return on Capital Employed	-4.7%	0.5%	-2.9%	-4.2%	↓

Key: ↑ an improvement on prior year

↓ a decline on prior year's performance

↔ similar to prior year

## Comparison of VfM Performance to Peer Groups

The table below shows our VfM performance against our peer group and industry medians. The peer group comprises a selection of organisations which provide housing support and care and are registered with both the Care Quality Commission (CQC) and the Regulator of Social Housing. This is to reflect the dual regulatory environment within which we operate. We have also compared our performance against industry median which comprises of providers with less than 3000 units and which have at least 50% of their stock in supported

## VALUE FOR MONEY (continued)

housing and housing for older people. These providers and their performance were extracted from the Regulator of Social Housing 2022 Global Accounts

	The Abbeyfield Society	2022/23	Median - Peer Group 21/22	Median - Industry 21/22
1	Reinvestment %	2.6%	4.6%	5.4%
2a.	New Supply delivered – Social Housing Units	1.6%	1.2%	1.3%
2b.	New Supply delivered – Non Social Housing Units	0.0%	0.0%	0.0%
3	Gearing %	-13.4%	25.2%	3.7%
4	EBITDA/MRI Interest Cover	-2188%	245%	194%
5	Headline Social Cost per Unit	£25,047	£8,768	£11,858
6a.	Operating margin % - Social Housing lettings only	-21.98%	14.8%	3.7%
6b.	Operating margin % - Overall	-10.93%	7.9%	3.4%
7	Return on Capital Employed	-4.2%	2.5%	1.5%

We compare favourably against the Peer Group and industry medians in new social housing units supplied and gearing %. However, we under-performed against both medians on the other metrics. Our operating margin % metric was below the medians as a result of the reported deficits. This also explains why the Earnings Before Interest, Tax and Depreciation Major Repairs Included (EBITDA MRI) was also adverse compared to the peer group and industry medians. Our headline social housing cost per unit was also higher reflecting the higher costs of delivering our housing and care services. The unique mix of our care and supported housing need to be considered in the context of the comparison with sector performance.

### Improving on Our VfM Metrics and Cost per Unit

VfM is a key consideration for social landlords and there is an increasing focus on demonstrating VfM especially given the rapidly shifting economic climate, increased demands from customers and overstretched budgets and funding pots. As such, one focus for the coming year will be to develop our VfM Strategy for 2024-27.

We will ensure the strategy addresses how we will:

- Continue to improve our understanding of our current value for money position;
- Promote and embed a value for money culture;
- Achieve year on year efficiency savings;
- Target resources towards frontline services;
- Maintain a high level of resident satisfaction with value for money;
- Streamline processes and procedures to reduce costs;
- Invest in technology to improve service delivery and reduce costs;
- Conduct regular value for money assessments to identify opportunities for improvement;
- Benchmark performance against other social landlords to identify areas for improvement;
- Engage our residents to understand their needs and preferences, and tailor services accordingly and;
- Focus on preventative maintenance to reduce the need for costly repairs.

## RISKS AND MITIGATIONS

The Board is aware of the key risks faced by the Society and has assessed their likely impact and severity against the organisation's strategic objectives. During the year, the Board overhauled the entire risk management framework which resulted in a deep dive into the corporate risk register and the setting of a new Trustees' risk appetite. The Board also considered the Social Housing Sector Risk Profile for 2022 to ensure we have captured relevant risks in our risk register and have appropriate mitigation plans for identified risks.

The Risk Assurance Framework covers strategic and operational risks which are regularly reviewed by the Executive Team, the Audit and Risk Committee and by the Board. Controls are identified for all risks and an assessment made as to their effectiveness. The Board also conducts stress testing of the business plan for the Society. This involves testing what would happen under a range of different scenarios and if multiple risks crystallised. The Board considers mitigating strategies in respect of the risk exposures.

The top three Corporate Risks are:

Risks	Impact	Mitigations
<b>Financial instability</b>	Continued year-on-year deficits resulting in depleted reserves, depleting assets, service failure and inability of the Society to continue as a Going Concern.	<ul style="list-style-type: none"> <li>Understand the stock profile, capital investment requirements and scheme viability</li> <li>Robust business plan, stress tested and mitigation plans</li> <li>Set Golden Rules to serve as early prompts</li> <li>Regular cash flow forecasts and effective treasury management</li> <li>Effective financial and management reporting, ensuring accuracy and timeliness</li> <li>Cost efficiencies targets</li> </ul>
<b>Safeguarding, health and safety risks</b>	Poor safeguarding of residents which can lead to downgrade of services or care home and attract Regulatory involvement	<ul style="list-style-type: none"> <li>Safeguarding policies and procedures fully implemented</li> <li>Systems in place to closely monitor and report divergent promptly to the Customer Committee</li> <li>Internal Audit programme of assurance</li> <li>Keeping abreast of prevailing legislations</li> <li>Business continuity planning and appropriate levels of management oversights</li> </ul>
<b>Compliance Risks</b>	Risk of intervention by local authority, Care Quality Commission (CQC) or the Regulator of Social Housing (RSH)	<ul style="list-style-type: none"> <li>Robust internal and external audits along with quality assurance frameworks</li> <li>Staff training and residents engagement</li> <li>Care management policies and produces are up to date</li> <li>Recruitment of Head of Care Compliance</li> <li>Gap analysis of NHF Code of Governance</li> </ul>

# STATEMENT OF RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing the Strategic Report, Annual Report and the Financial Statements, in accordance with applicable law and regulation.

Company law and social housing legislation require the Board to prepare Financial Statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board must not approve the Financial Statements unless it is satisfied that they give a true and fair view of the state of affairs of the Society and of the surplus or deficit of the Society for that period.

In preparing these Financial Statements, the Board members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS102 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Society will continue in business.

Board members are also 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 it to ensure that its financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022.

The Board is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board members are also responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2018" and FRS 102. The Board is responsible for ensuring that the assets of the Society are properly applied under charity law. The annual report and accounts are published on the Society's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Slavery and human trafficking statement

The Modern Slavery Act 2015 introduced new obligations in relation to slavery and human trafficking. The Society is fully supportive of the legislation as it is in keeping with our ethos and principles. The statement includes compliance for our supply chain partners.

# GOVERNANCE

## Board members and Executive Team

The Society's Board members who served during the year are set out on page 6. The Board members are drawn from a wide range of backgrounds bringing together professional, commercial and other relevant experience.

The Board, which comprises the company directors, has overall responsibility for the direction, management and control of the Society. Overall operational management is delegated to the Chief Executive and the Executive Team. The Board adopts the National Housing Federation (NHF) Code of Governance 2020 and the Company Secretary and the Executive Team provide support to the Board in monitoring compliance with the Code.

The Board may comprise up to 10 trustees and requires a minimum of five trustees including the Chair. Board members are appointed by the Board.

Applications to be considered for appointment to the Board are invited following recruitment and advertising. Candidates are nominated for appointment by the People Committee having regard to the need for the persons appointed having the necessary range of skills, experience, gender, age and ethnicity.

Board members may serve for fixed terms of three years up to a maximum of nine years. The Board formally met seven times during the year, with additional sessions to discuss strategy and performance.

Throughout the year, the Board continued to monitor its effectiveness and the terms of reference for the various committees of the Board, to ensure that they are following best practice in the sector. Board members are encouraged to acquaint themselves with all aspects of the Society, particularly operational matters. The Executive Team hold no financial interest in the Society, except for their remuneration arrangements, and act as executives within the authority delegated to them by the Board. The Executive Team is entitled to join the Society's stakeholder pension scheme on the same terms as other employees. Details of their remuneration are disclosed in Note 10 (Board and Executive Remuneration).

Insurance policies indemnify Board members and officers against liability when acting for the Society.

## Directors Duties and section 172 reporting

The Directors of the Society must act in accordance with a set of general duties embodied in section 172 (1) (a-f) of the Companies Act 2006 (1), summarised as follows:

A Director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the company.

## GOVERNANCE (continued)

As part of the induction process, Directors are briefed on their duties, including the long-term stewardship of the Society to ensure it delivers against its strategic objectives as set out in the Trustees' Report above. Our Board monitors the impact of its decisions against the long-term financial plan on an annual basis, and more often if the situation demands. We operate to a strategic plan that involves setting both operational and financial targets that address our charitable objectives as set out in the Report of the Board.

Our employees are fundamental to the delivery of our plan. We are a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we conduct our business. We have policies on fraud, anti-bribery and a whistleblowing policy which encourages colleagues to raise issues of suspected malpractice. Our Audit and Risk Committee also receives reports if issues are raised.

### Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. We recognise that any system can only manage, and not eliminate, risk and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board is satisfied that controls are in place and it ensures there is ongoing review as part of a process of continuous improvement. Mazars LLP were appointed in 2018 to provide internal audit function.

The Board approves the annual budgets, business plans and risk management framework on recommendation of the Finance and Audit Committees. A delegated authority framework is in place for incurring and approving expenditure, with formal involvement of members of the Board for larger transactions. Quarterly updates on performance against business objectives and the budget are provided to the Board. The Society has staff recruitment and appraisal processes in place. This includes monitoring of staff performance through one-to-ones and the effectiveness of training programmes undertaken by our staff. Whilst the Board cannot delegate ultimate responsibility for the system of internal control, it has delegated the review of the effectiveness of the Society's system of internal control to the Audit and Risk Committee. The Board receives minutes of all meetings of the Audit and Risk Committee and gets assurance from the committee that arrangements are in place to manage the risk of fraud.

### Environment

We have made a positive start towards improving our own Environmental Sustainability. In May 2021, an Environmental Working Group was formed, comprising various interested parties from across the Society. This was used as a hub to raise ideas of how Abbeyfield could evolve to be a greener place to live and work. We further appointed an Environmental Sustainability Co-ordinator during the year to lead on our approach to delivering environmental sustainability in our homes. We have established targets to reduce energy consumption, plans to increase resource focused on environmental initiatives and funding for specific capital expenditure in our schemes to deliver environmental efficiency.

Our impact on the environment is set-out in the Streamlined Energy Carbon Report (SECR) below. The SECR framework is a mandatory UK-wide reporting scheme to improve transparency and help reduce carbon emissions. The carbon footprint table below reflects activity across the Society.

	Consumption 2022/23			Consumption 2021/22		
	KWh '000	Mileage '000	Kg CO2e '000	KWh '000	Mileage '000	Kg CO2e '000
<b>Electric</b>	6,232		1,453	<b>Electric</b>	5,268	1,228
<b>Gas</b>	17,696		4,126	<b>Gas</b>	19,550	4,558
<b>Transport</b>		384	105	<b>Transport</b>		372
<b>Total</b>	<b>23,928</b>	<b>384</b>	<b>5,684</b>	<b>Total</b>	<b>24,818</b>	<b>5,888</b>

<b>Year on Year Improvement</b>	204
<b>% Improvement</b>	3%



## **GOVERNANCE (continued)**

The actual gas and electricity consumption was recorded in kWh. To convert kWh to kg of carbon (Kg Co2e) released based on Greenhouse gas reporting, a conversion factor from Department for Business, Energy and Industrial Strategy (BEIS) has been used. The conversion factor is 0.23314 kg CO2 is saved for each kWh produced from a carbon free source. The factor is based on the carbon emissions generated by the current UK power stations per kWh generated.

The data reflects an overall reduction in carbon emissions of 3%. During the year, there was an 18% increase in electric consumption but a 9% decrease in gas consumption. Given that we saw a smaller increase in electricity pricing, we switched, where possible, to electricity usage over gas. This approach led to an overall cost saving in our energy costs. We also installed 12 new energy efficient boilers during year and made a huge effort to embed better energy efficiency practices in our homes.

### **Fundraising**

We are committed to achieving the highest standards of professional fundraising. We are corporate members of the Institute of Fundraising and registered with the Fundraising Regulator, to whom we pay the Fundraising Levy. Through the systems and processes we have put in place, we aim to achieve the standards set out in the Fundraising Code of Practice. We are signed up to the Fundraising Preference Service. Our small team of fundraising staff are aware of and pay due attention to data protection practices to ensure we are compliant with the General Data Protection Regulation (GDPR) when handling personal data. Complaints from fundraising activities are contained in the Complaints / Whistleblowing Register which is reviewed regularly by the Audit and Risk Committee and or the Customer Committee. During the year, we had no fundraising complaints (2022: nil).

### **Statement of Public Benefit**

As a public benefit entity providing housing, care and support to older people, our Board has complied with its duty to have due regards to the Charity Commission's guidance on public benefit when exercising their powers and duties to which the guidance relates. Our Mission and Values are discussed on page 5. Our Charitable Object is for the relief and care of elderly persons of all classes, beliefs and nationalities. Our homes are open to all that apply and we ensure the necessary assessments are done to ensure individuals are placed in the right home and / or care environment suitable to their needs. We also undertake annual residents' surveys as part of our approach to engaging with residents and evaluating residents' satisfaction, year on year.

The report of the Board was approved by the Board on 7 September 2023 and signed on its behalf by:

---

**Jenny Lawrence**  
**Chair**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD SOCIETY

We have audited the financial statements of The Abbeyfield Society ('the Society') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise the consolidated and Society statements of comprehensive income, the consolidated and Society statement of financial position, the consolidated statement of cash flows, the consolidated and Society statement of changes in reserves and notes to the financial statements, including 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 group's and the Society's affairs as at 31 March 2023 and of the group's 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 requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

## 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 group 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

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board member with respect to going concern are described in the relevant sections of this report.

## Other information

The Board are responsible for the other information contained within the Report of the Board. The other information comprises the information included in the Report of the Board, 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Report of the Board, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of the Board have been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD SOCIETY (continued)

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

In light of the knowledge and understanding of the group and the Society and their environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board, incorporating the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board members' remuneration specified by law are not made; 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 Board members responsibilities statement set out on page 22, the Board 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 Board members 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 Board are responsible for assessing the Society'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 intend to liquidate the Group or the Society or to cease operations, or have 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below. 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/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities). This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Society and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Housing and Regeneration Act 2008 together with the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Housing SORP 2018 (Statement of Recommended Practice for registered social housing providers). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Society's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Society and the group for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing and the Care Quality Commission, Health and Safety legislation, employment legislation and General Data Protection Regulations (GDPR).

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD SOCIETY (continued)**

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board members and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental, care and legacy income, the capital costs of development, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Regulator of Social Housing, the Charity Commission and Care Quality Commission, substantive testing of key income streams, substantive testing of development expenditure and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## **Use of our Report**

This report is made solely to the Society's members, as a body, in accordance in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Julia Poulter**

Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
London, UK

# FINANCIAL STATEMENTS

## Consolidated Statement of Comprehensive Income For the year ended 31 March 2023

		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Note	2023 £'000	2023 £'000	2023 £'000	2022 £'000	2022 £'000	2022 £'000
Turnover	4	44,811	5,801	<b>50,612</b>	41,822	5,266	47,088
Operating costs		(48,927)	(7,033)	<b>(55,960)</b>	(45,006)	(8,016)	(53,022)
Impairment	12,16	(1,951)	-	<b>(1,951)</b>	(12,125)	1,256	(10,869)
Total Operating Costs	4	(50,878)	(7,033)	<b>(57,911)</b>	(57,131)	(6,760)	(63,891)
Operating (deficit)/surplus	4,8	(6,067)	(1,232)	<b>(7,299)</b>	(15,309)	(1,494)	(16,803)
(Deficit) / surplus on disposal of Housing Properties	12	-	(185)	<b>(185)</b>	-	1,707	1,707
Other interest receivable and similar income	13	264	-	<b>264</b>	74	-	74
Interest and financing costs	14	(262)	-	<b>(262)</b>	(172)	-	(172)
Movement in fair value of investment properties	18	80	-	<b>80</b>	-	-	-
Movement in fair value of investments	22	(31)	-	<b>(31)</b>	73	-	73
(Deficit) / surplus before taxation		(6,016)	(1,417)	<b>(7,433)</b>	(15,334)	213	(15,121)
Taxation	15	-	-	-	-	-	-
<b>(Deficit)/surplus after taxation and total comprehensive (expense) / income for the year</b>		(6,016)	(1,417)	<b>(7,433)</b>	(15,334)	213	(15,121)

The Notes on pages 34 to 56 form part of these Financial Statements.

# FINANCIAL STATEMENTS

## Society Statement of Comprehensive Income For the year ended 31 March 2023

		Continuing operations	Discontinued operations	<b>Total</b>	Continuing operations	Discontinued operations	<b>Total</b>
		2023	2023	<b>2023</b>	2022	2022	<b>2022</b>
	Note	£'000	£'000	<b>£'000</b>	£'000	£'000	<b>£'000</b>
Turnover	4	44,787	5,801	<b>50,588</b>	41,821	5,266	47,087
Operating costs		(48,926)	(7,033)	<b>(55,959)</b>	(44,991)	(8,015)	(53,006)
Impairment	12,16	(1,951)	-	<b>(1,951)</b>	(12,125)	1,256	(10,869)
<b>Total Operating Costs</b>	4	<b>(50,877)</b>	<b>(7,033)</b>	<b>(57,910)</b>	<b>(57,116)</b>	<b>(6,759)</b>	<b>(63,875)</b>
Operating (deficit)/ surplus	4,8	(6,090)	(1,232)	<b>(7,322)</b>	(15,295)	(1,493)	(16,788)
(Deficit)/ surplus on disposal of Housing Properties	12	-	(185)	<b>(185)</b>	-	1,707	1,707
Other interest receivable and similar income	13	264	-	<b>264</b>	74	-	74
Interest and financing costs	14	(262)	-	<b>(262)</b>	(172)	-	(172)
Movement in fair value of investment properties	18	80	-	<b>80</b>	-	-	-
Movement in fair value of investments	22	(31)	-	<b>(31)</b>	73	-	73
<b>(Deficit) / surplus before taxation</b>		<b>(6,039)</b>	<b>(1,417)</b>	<b>(7,456)</b>	<b>(15,320)</b>	<b>214</b>	<b>(15,106)</b>
Taxation	15	-	-	-	-	-	-
<b>(Deficit) /surplus before and after taxation and total comprehensive (expense) / income for the year</b>		<b>(6,039)</b>	<b>(1,417)</b>	<b>(7,456)</b>	<b>(15,320)</b>	<b>214</b>	<b>(15,106)</b>

The Notes on pages 34 to 56 form part of these Financial Statements.

# FINANCIAL STATEMENTS

## Consolidated and Society Statement of Financial Position As at 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
<b>Fixed assets</b>					
Tangible fixed assets - housing properties	16	<b>117,585</b>	121,852	<b>118,885</b>	123,043
Other fixed assets - Tangible and Intangible	17	<b>1,153</b>	58	<b>1,153</b>	58
Investment properties	18	<b>880</b>	800	<b>880</b>	800
		<b>119,618</b>	122,710	<b>120,918</b>	123,901
<b>Current assets</b>					
Properties held for sale	20	<b>2,717</b>	2,177	<b>2,752</b>	2,300
Debtors - receivable within one year	21	<b>3,962</b>	3,818	<b>4,258</b>	4,227
Debtors - receivable after one year	21	<b>238</b>	306	<b>238</b>	306
Investments	22	<b>356</b>	592	<b>356</b>	592
Cash and cash equivalents		<b>15,767</b>	24,712	<b>15,372</b>	24,235
		<b>23,040</b>	31,605	<b>22,976</b>	31,660
<b>Creditors: amounts due within one year</b>	23	<b>(10,666)</b>	(9,052)	<b>(10,629)</b>	(8,834)
<b>Net current assets</b>		<b>12,374</b>	22,553	<b>12,347</b>	22,826
<b>Total assets less current liabilities</b>		<b>131,992</b>	145,263	<b>133,265</b>	146,727
<b>Creditors: amounts after more than one year</b>	24	<b>(20,825)</b>	(26,663)	<b>(20,856)</b>	(26,862)
<b>Net assets</b>		<b>111,167</b>	118,600	<b>112,409</b>	119,865
<b>Capital and reserves</b>					
Income and expenditure reserve		<b>105,557</b>	111,628	<b>106,799</b>	112,893
Restricted reserve		<b>5,610</b>	6,972	<b>5,610</b>	6,972
<b>Total Capital and reserves</b>		<b>111,167</b>	118,600	<b>112,409</b>	119,865

The financial statements were approved by the Board and authorised for issue on 7 September 2023 and signed on their behalf by:

\_\_\_\_\_  
Jenny Lawrence  
Chair

The Notes on pages 34 to 56 form part of these Financial Statements.

# FINANCIAL STATEMENTS

## Consolidated Statement of Cash Flow For the year ended 31 March 2023

		2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>			
<b>(Deficit) / surplus for the financial year</b>		<b>(7,433)</b>	<b>(15,121)</b>
Adjustments for:			
Impairment of housing properties	8	1,951	9,836
Depreciation of fixed assets - housing properties	8	2,485	2,485
Accelerated depreciation on disposal of components	8	266	266
Impairment of current assets	8	-	1,033
Depreciation of other fixed assets - Tangible and Intangible	17	44	85
Amortisation of grant	5	(125)	(125)
Movement in fair value of investments	22	31	(73)
Interest payable and finance costs	14	262	172
Interest received	13	(264)	(74)
Deficit / (surplus) on the disposal of fixed assets	12	185	(1,707)
Decrease / (increase) in trade and other debtors	21	(199)	(859)
(Increase)/decrease in properties held for sale	20	1,798	(1,265)
(Increase)/decrease in creditors including Revolving Credit Facility		<b>(6,509)</b>	<b>(1,224)</b>
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(7,508)</b>	<b>(6,571)</b>
<b>Cash flows from investing activities</b>			
Transaction costs for sale of housing properties	12	(77)	(150)
Sale of current asset investments	22	205	1,156
Proceeds from sale of fixed assets - housing properties	12	2,700	6,345
Purchase of fixed assets - housing properties	16	(3,223)	(4,182)
Purchase of Other fixed assets - Tangible and Intangible	17	(1,167)	(2)
Net loan repayments from/( advances) to member societies	21	123	4,523
Interest received	13	264	74
<b>Net cash used in investing activities</b>		<b>(1,175)</b>	<b>7,764</b>
<b>Cash flows from financing activities</b>			
Interest paid	14	(262)	(172)
<b>Net cash (outflow)/inflow by financing activities</b>		<b>(262)</b>	<b>(172)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,945)</b>	<b>1,021</b>
Cash and cash equivalents at beginning of year		<b>24,712</b>	<b>23,691</b>
<b>Cash and cash equivalents at end of year</b>		<b>15,767</b>	<b>24,712</b>

The Notes on pages 34 to 56 form part of these Financial Statements.



# FINANCIAL STATEMENTS

## Consolidated Statement of Changes in Reserves For the year ended 31 March 2023

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2022</b>	111,628	6,972	<b>118,600</b>
(Deficit) / Surplus for the year	(7,433)	-	<b>(7,433)</b>
Transfer from /(to) restricted reserves	1,362	(1,362)	-
<b>Balance at 31 March 2023</b>	<b>105,557</b>	<b>5,610</b>	<b>111,167</b>

## Society Statement of Changes in Reserves For the year ended 31 March 2023

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2022</b>	112,893	6,972	<b>119,865</b>
(Deficit) / Surplus for the year	(7,456)	-	<b>(7,456)</b>
Transfer from /(to) restricted reserves	1,362	(1,362)	-
<b>Balance at 31 March 2023</b>	<b>106,799</b>	<b>5,610</b>	<b>112,409</b>

## Consolidated Statement of Changes in Reserves For the year ended 31 March 2022

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2021</b>	120,953	12,768	<b>133,721</b>
(Deficit) / Surplus for the year	(15,121)	-	<b>(20,917)</b>
Transfer from /(to) restricted reserves	5,796	(5,796)	-
<b>Balance at 31 March 2022</b>	<b>111,628</b>	<b>6,972</b>	<b>112,804</b>

## Society Statement of Changes in Reserves For the year ended 31 March 2022

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2021</b>	122,203	12,768	<b>134,971</b>
(Deficit) / Surplus for the year	(15,106)	-	<b>(15,106)</b>
Transfer from / (to) restricted reserves	5,796	(5,796)	-
<b>Balance at 31 March 2022</b>	<b>112,893</b>	<b>6,972</b>	<b>119,865</b>

The Notes on pages 34 to 56 form part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. LEGAL STATUS

The Group consists of the following three trading entities: The Abbeyfield Society Limited ("the Society", company number 574816), Abbeyfield Properties Limited (company number 9482576) and The Abbeyfield Research Foundation (company number 9705217). The Society is a company limited by guarantee, incorporated in England and Wales, having no share capital and with solely charitable objectives. The Society is registered with the Regulator of Social Housing and the Charity Commission. The Society's registered address is 17-19 Hampton Lane, Solihull, B91 2QJ. The Society is a member of the wider Abbeyfield Family, headed by Abbeyfield England and The Abbeyfield Society World Council. The Abbeyfield Society is now trading as The Abbeyfield Living Society.

The Society and the Group do not have a controlling interest in any Abbeyfield Member Society. The Society is a public benefit entity. These financial statements do not reflect the assets, liabilities or financial transactions of any member societies other than the Society. Abbeyfield Properties Limited is a company limited by shares, incorporated in England and Wales, having a share capital of £1. Abbeyfield Properties Limited is a wholly owned subsidiary of the Society. It was set up by the Society as a design-and-build company for undertaking new developments. Abbeyfield Research Foundation is a company limited by guarantee, incorporated in England and Wales, having no share capital and with solely charitable objectives. It is registered with the Charity Commission (Charity No. 1167685). Abbeyfield Research Foundation is wholly owned subsidiary of the Society. Abbeyfield Research Foundation is a fundraising and grant making body, which focuses on funding research into issues that affect older people.

## 2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and UK accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice) which for the Society includes the Companies Act, Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, "Accounting by Registered Social Housing Providers" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties, as specified in the accounting policies below. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the management to exercise judgement in applying the Group's accounting policies. In preparing the separate financial statements of the Society, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Society;
- Disclosures in respect of the Society's financial instruments have not been presented since equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Society as their remuneration is included in the totals shown for the Group as a whole.

The following principal accounting policies have been applied:

### **Basis of Consolidation**

The consolidated financial statements present the results of the Society, a registered provider of social housing and its subsidiaries (together "the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## Income

The Society's turnover principally comprises income receivable from residents, annual membership fees due from Member Societies, donations from third parties, legacies and sale of properties. The residents' charges are composite amounts covering rent, service charges and care income. Income is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

- Rental income (excluding rent from void properties available for letting);
- Service charges receivable;
- Donations and legacies;
- Membership fees;
- Property sales proceeds;
- Market rents.

Turnover from social housing lettings is recognised on delivery of services to end users, as the Society performs its obligations. Income from donations and legacies is accounted for on a receivable basis when it is more likely than not that the economic benefits will flow to the Society and the amount of the income can be measured reliably together with any related costs. Proceeds from the sale of properties are recognised on completion of sales. Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from properties built for sale is recognised at the point of legal completion of the sale. The Group adopts a fixed method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

## Legacy Income

Legacy income is recognised in the accounts when receipt is considered probable. Legacy receipts are usually considered probable when the executors have confirmed there is a bequest to the Society which can be estimated. A general provision is made against estimated legacies to prevent over-estimation of legacy income.

## Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arising from partially exempt activities is credited to the Statement of Comprehensive Income.

## Finance Costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the applicable interest rate so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## Pension Costs

Contributions to the Group's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

## Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

## Tangible Fixed Assets- Housing Properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment where applicable. Housing properties received as part of a transfer of

## NOTES TO THE FINANCIAL STATEMENTS (continued)

undertakings were initially recorded at fair value; depreciation and impairment has been deducted as applicable. The cost of freehold land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

### Tangible Fixed Assets- Housing Properties (continued)

Expenditure on major refurbishment of properties is capitalised where the works will increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income with the exception of components, which are capitalised as they have a life of more than one year. Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in Tangible Fixed Assets and held at cost less any impairment, and are transferred to completed properties when ready for letting.

### Depreciation of Housing Properties

Housing properties are split between freehold land, structure and other major components that are expected to require replacement over time. The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate. Assets in the course of construction are not depreciated until they are completed and ready for use. Freehold land is not depreciated on account of its indefinite useful economic life. The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful lives of the assets on the following basis:

Description	Estimated useful life (years)
Structure	100
Roofs	50
Kitchen	30
Bathroom	30
Windows and doors	30
Electrical	20
Heating	15
Lifts	15
Furniture and Equipment	10

### Allocation of Costs for Mixed Tenure and Shared Ownership Developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure type costs the costs are allocated by square footage.

### Other Fixed Assets – Tangible & Intangible

Other tangible and intangible fixed assets are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Society. The carrying amount of the replaced part is written off. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

### Depreciation of Other Fixed Assets - Tangible and Intangible

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Description	Estimated useful life (Years)
Furniture and equipment	10
Motor vehicles	5
Office furniture	5
Office equipment and computer software	3-5

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised below operating surplus/(deficit), in the statement of comprehensive income.

### Investment Properties

Investment properties consist of properties not held for social benefit or use in operations. They are properties held to earn rental income or for capital appreciation. They are initially measured at cost and subsequently at fair value as determined by external valuers. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

### Government Grants

Grant received in relation to constructed or acquired housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. Where social housing grant ("SHG") funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income. Where properties with grant attached are received as part of a transfer of undertakings the ultimate requirement to recycle/repay grant sits within the Society and is recorded as a contingent liability. When properties are identified for sale and a grant liability will crystallise that is not covered by the anticipated sales proceeds, additional provision for impairment is recorded. Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once performance related conditions have been met. Grants due from government organisations or received in advance are included as current assets or liabilities.

### Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Society to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, grant should be repayable to Homes England with interest. Any unused recycled capital grant held, is disclosed in the balance sheet under "creditors due after more than one year", except where the property disposal was greater than two years previous and this is disclosed, as creditors due less than one year.

### Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in listed company shares, which have been classified as current asset investments, are stated at fair value at each balance sheet date. Gains and losses are recognised in the Statement of Comprehensive Income for the period.

### Impairment of Tangible Fixed Assets

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value.

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

Some properties have been valued at value-in-use service potential. The Society defines cash generating units at unit level. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to Statement of Comprehensive Income.

### **Properties Held for Sale**

Properties held for sale comprises work in progress and completed properties, including housing properties developed for transfer to other registered providers; closed properties received as part of a transfer of undertakings that are held for sale; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as properties held for sale is the estimated cost to be sold as a first tranche. Properties held for sale are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

### **Debtors and Creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

### **Recoverable Amount of Rental and Other Trade Receivables**

The Group estimates the recoverable value of rental and other receivables and impairs any debtors by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historic collection rates and the class of debt.

### **Loans to Member Societies**

Loans to Member Societies are regarded as concessionary loans (FRS 102). Those loans are made at a rate of interest which is below the prevailing market rate of interest. These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

### **Rent and Service Charge Agreements**

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

### **Loans, Investments and Short-Term Deposits**

These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

### **Financial Liabilities and Equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### **Cash and Cash Equivalents**

Cash and cash equivalents in the Group's balance sheet consists of cash at bank and on deposit with an original maturity of three months or less.

### **Contingent Liabilities**

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. A contingent liability exists on grant repayment which is dependent on the disposal of related property.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for as restricted funds. Restricted funds arise from either the conditions of the legacy or donation. Realised and unrealised gains and losses on assets held as restricted funds are also allocated to the restricted fund. Unrestricted reserves are accounted for under the income and expenditure reserves.

## Leased Assets: Lessee

Where assets are financed by leasing agreements that give rights to the Group approximating to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease. Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized over the term of the lease as an integral part of the total lease expense

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset;
- the anticipated costs to complete a development scheme are based on anticipated construction cost, effective rate of interest on loans during the construction period, legal and other costs. Based on the costs to complete, the recoverability of the cost of properties developed for outright sale and/or land held for sale is considered. This judgement is also based on the best estimate of sales value taking on board the economic conditions within the area of development;
- the appropriate allocation of costs relating to shared ownership between current and fixed assets;
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset;
- the categorisation of leases as operating, or finance leases based on the risk and rewards of ownership of the asset over the economic life of the asset, such as for the new Southampton scheme where the assessment shows that the risks and rewards are predominately with the lessor over the economic life of the site and it is accordingly accounted for as an operating lease.
- Investments (see Note 22): The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments which are determined using the values provided by Waverton Investment Management;
- Debtors (see Note 21): The estimate for receivables involves an assessment of recoverability of the balances outstanding at the year end, including a review of the age profile of the debt, historic collection rates and the class of debt;
- Investment properties (see Note 18): Investment properties are valued annually using yield methodology. This requires the use of market rental values capitalised at a market capitalisation rate. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key input into the valuation are the rent receivable, net initial yield and location / condition of the property.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Other Key Sources of Estimation Uncertainty

Tangible Fixed Assets (see Note 16) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

### 4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS – GROUP

	Note	Turnover 2023 £'000	Operating costs 2023 £'000	Operating (deficit) / surplus 2023 £'000
Social housing lettings	5	42,103	(53,310)	(11,207)
<b>Activities other than Social Housing Activities</b>				
Affordable rent (Independent Living) and other		4,119	(3,561)	558
Membership activity		682	(769)	(87)
International activity		8	(45)	(37)
Other		1		1
Donations and legacies		3,580	(226)	3,354
Furlough Income		119	-	119
<b>Total</b>		<b>50,612</b>	<b>(57,911)</b>	<b>(7,299)</b>

	Note	Turnover 2022 £'000	Operating costs 2022 £'000	Operating (deficit) / surplus 2022 £'000
Social housing lettings	5	39,477	(59,773)	(20,296)
Activities other than Social Housing Activities		-	-	
Affordable rent (Independent Living) and other		3,569	(2,634)	935
Membership activity		713	(1,140)	(427)
International activity		12	(44)	(32)
Other		2	(15)	(13)
Donations and legacies		1,920	(285)	1,635
Furlough Income		1,395	-	1,395
<b>Total</b>		<b>47,088</b>	<b>(63,891)</b>	<b>(16,803)</b>

### PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS – SOCIETY

	Note	Turnover 2023 £'000	Operating costs 2023 £'000	Operating (deficit) / surplus 2023 £'000
<b>Social housing lettings</b>	5	<b>42,103</b>	<b>(53,310)</b>	<b>(11,207)</b>
<b>Activities other than Social Housing Activities</b>				
Affordable rent (Independent Living) and other		4,119	(3,561)	558
Membership activity		682	(769)	(87)
International activity		8	(45)	(37)
Other		1	1	2
Donations and legacies		3,556	(226)	3,330
Furlough Income		119	-	119
<b>Total</b>		<b>50,588</b>	<b>(57,910)</b>	<b>(7,322)</b>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

## PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS – SOCIETY (continued)

	Note	Turnover 2022 £'000	Operating costs 2022 £'000	Operating (deficit) / surplus 2022 £'000
Social housing lettings	5	39,477	(59,773)	(20,296)
<b>Activities other than Social Housing Activities</b>				
Affordable rent (Independent Living) and other		3,569	(2,634)	935
Membership activity		713	(1,140)	(427)
International activity		12	(44)	(32)
Other		1	1	2
Donations and legacies		1,920	(285)	1,635
Furlough Income		1,395	-	1,395
<b>Total</b>		<b>47,087</b>	<b>(63,875)</b>	<b>(16,788)</b>

## 5. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP AND SOCIETY

	Care £'000	Supported Housing £'000	Total 2023 £'000	Total 2022 £'000
<b>Income</b>				
Rents net of identifiable service charges	28,459	3,473	<b>31,932</b>	29,767
Service charge income	-	10,046	<b>10,046</b>	9,585
Grant amortisation	125	-	<b>125</b>	125
<b>Turnover from social housing lettings</b>	<b>28,584</b>	<b>13,519</b>	<b>42,103</b>	<b>39,477</b>
<b>Expenditure</b>				
Management	(6,183)	(3,235)	<b>(9,418)</b>	(9,636)
Service charge costs	-	(8,930)	<b>(8,930)</b>	(8,426)
Charges for support services	(26,321)	-	<b>(26,321)</b>	(24,589)
Routine maintenance	(932)	(2,447)	<b>(3,379)</b>	(2,964)
Major repairs expenditure	(528)	(61)	<b>(589)</b>	(426)
Bad debts	118	47	<b>165</b>	(101)
Impairment (Housing Properties)	8	(1,951)	<b>(1,951)</b>	(10,869)
Accelerated depreciation	(85)	(131)	<b>(216)</b>	(230)
Depreciation (Housing Properties)	(1,112)	(946)	<b>(2,058)</b>	(2,032)
Depreciation (Other Fixed Assets)	(31)	(13)	<b>(44)</b>	(85)
Abortive Costs	(1)	(568)	<b>(569)</b>	(415)
<b>Operating expenditure on social housing lettings</b>	<b>(37,026)</b>	<b>(16,284)</b>	<b>(53,310)</b>	<b>(59,773)</b>
<b>Operating (deficit)/surplus on social housing lettings</b>	<b>(8,442)</b>	<b>(2,765)</b>	<b>(11,207)</b>	<b>(20,296)</b>
<b>Void losses</b>	<b>(6,097)</b>	<b>(2,945)</b>	<b>(9,042)</b>	<b>(10,208)</b>

Bad debts: During the year some outstanding provisions were written back.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP AND SOCIETY (continued)

Prior year service charge income and costs have been restated above. In the prior year, part of the service charge expenditure was incorrectly classified as “Charges for support services”, thereby understating the Service Charge Costs. All service charge costs for 2022 have now been reclassified as “Service charge costs” and the service charge voids formerly contained within “Rents net of identifiable service charges” have been restated and netted off against the “Service charge income”. These changes have had no impact on the “Operating (deficit)/surplus on social housing lettings” and the net income / funds.

### 6. PARTICULARS OF TURNOVER FROM NON-SOCIAL HOUSING LETTINGS – GROUP AND SOCIETY

	2023	2022
	£'000	£'000
Affordable Rent	4,119	3,569
<b>Total</b>	<b>4,119</b>	<b>3,569</b>

### 7. UNITS OF HOUSING STOCK – GROUP AND SOCIETY

	2023	2022
	Total	Total
Supported Housing	950	971
Residential care home bed spaces	653	653
Affordable Rent	293	269
<b>Total Owned and Directly Managed accommodation</b>	<b>1,896</b>	<b>1,893</b>
Units under construction	-	24
Units owned by the Society but managed by others	105	105
Non Housing Stock (Restaurants and Commercial units)	21	21
<b>Total Commercial and Indirectly Managed accommodation</b>	<b>126</b>	<b>126</b>
<b>Total units owned and managed</b>	<b>2,022</b>	<b>2,019</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. OPERATING DEFICIT

	<b>Group</b>	Group	<b>Society</b>	Society
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
The operating deficit is arrived at after charging:				
Depreciation of housing properties: charge for the year	<b>2,058</b>	2,032	<b>2,058</b>	2,032
Depreciation of market let properties: charge for the year	<b>427</b>	453	<b>427</b>	453
Depreciation of other fixed assets - tangible and intangible	<b>44</b>	85	<b>44</b>	85
Accelerated depreciation of housing properties	<b>216</b>	230	<b>216</b>	230
Accelerated depreciation of market let properties	<b>50</b>	36	<b>50</b>	36
Impairment (Housing Properties)	<b>1,951</b>	9,836	<b>1,951</b>	9,836
Impairment (Current Assets)	-	1,033	-	1,033
Operating lease charges	<b>781</b>	781	<b>781</b>	781
Auditors' remuneration:				
Group accounts	<b>90</b>	85	<b>90</b>	85
Subsidiaries	<b>11</b>	10	<b>11</b>	10
other audit related assurance	<b>8</b>	8	<b>8</b>	8
tax advice	<b>13</b>	12	<b>13</b>	12

## 9. EMPLOYEES

All employees of the Group are employed through the Society, therefore the costs and employee numbers are the same for the Group and the Society.

### 9.1 Employee Costs

	<b>Group</b>	Group
	<b>2023</b>	2022
	<b>£'000</b>	£'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	<b>25,592</b>	27,174
Social Security costs	<b>2,060</b>	2,066
Cost of defined contribution scheme	<b>898</b>	897
<b>Total</b>	<b>28,550</b>	30,137

Redundancy payments of £318,604 (2022: £136,951) were made in the year with £47,122 (2022: £13,056) owing as at March 2023. The reason for the increase in redundancy payments was primarily due to the move regionalised to a more centralised structure.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 9.2 Employee numbers

The average number of employees including part time staff is shown as headcount. The Full Time Equivalents (FTE's), calculated based on a standard working week of 35 hours during the year were as follows:

	FTE's 2023	FTE's 2022	Headcount 2023	Headcount 2022
Administration	131	128	134	134
Development	1	4	2	4
Housing, Support and Care	781	842	1,136	1,175
<b>Total</b>	<b>913</b>	<b>974</b>	<b>1,272</b>	<b>1,313</b>

## 10. Board and Executive Remuneration

None of the members of the Board received any emoluments during the year (2022: £nil). Board expenses for the year are £6,773 (2022: £3,459).

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Executive emoluments	827	968	827	968
Employer NI	107	127	107	127
Contributions to money purchase pension schemes	41	41	41	41
<b>Total</b>	<b>975</b>	<b>1,136</b>	<b>975</b>	<b>1,136</b>

The total amount payable to the Chief Executive, who was also the highest paid Executive Team member, in respect of emoluments was £186,000 (2022: £177,750). Employer pension contributions totalling £7,200 were made during the year for a defined contribution scheme which is open to all employees.

The remuneration paid to staff (including the Executive Management Team) earning over £60,000:

	Group 2023 number	Group 2022 number	Society 2023 number	Society 2022 number
£60,001 - £70,000	14	12	14	12
£70,001 - £80,000	4	5	4	5
£80,001 - £90,000	3	1	3	1
£90,001 - £100,000	2	5	2	5
£110,001 - £120,000	2	-	2	-
£120,001 - £130,000	-	1	-	1
£130,001 - £140,000	-	-	-	-
£160,001 - £170,000	-	1	-	1
£170,001 - £180,000	1	1	1	1

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. BOARD AND COMMITTEE MEMBERS

Board/Committee Member	Member of:					
	Group Board	People Committee	Audit and Risk Committee	Finance and Investment Committee	Customer Committee	Property Committee
Jenny Lawrence	✓	✓		✓		
Chris Smith	✓		✓		✓	✓
Sara Beamand	✓	✓			✓	
Amanda Houlihan	✓	✓				
Roger Lees	✓			✓		✓
George Ashworth	✓			✓		✓
Mike Turner	✓			✓		✓
Marc Marrero	✓		✓			

## 12. SURPLUS ON DISPOSAL OF FIXED ASSETS – GROUP AND SOCIETY

	2023 £'000	2022 £'000
Disposal proceeds	2,700	6,345
Net Book Value	(2,455)	(1,399)
Impairment reversed at sale	(166)	(1,793)
Selling costs	(77)	(150)
Grant recycled	(187)	(1,296)
<b>Total</b>	<b>(185)</b>	<b>1,707</b>

## 13. INTEREST RECEIVABLE AND INCOME FROM INVESTMENTS – GROUP AND SOCIETY

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Interest on loans to member societies	9	58	9	58
Bank and Investment Interest	255	16	255	16
<b>Total</b>	<b>264</b>	<b>74</b>	<b>264</b>	<b>74</b>

## 14. INTEREST PAYABLE AND SIMILAR CHARGES – GROUP AND SOCIETY

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Bank Loans and overdrafts	145	159	145	159
Recycled capital grant fund	117	13	117	13
<b>Total</b>	<b>262</b>	<b>172</b>	<b>262</b>	<b>172</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 15. TAXATION

There was no tax charge for the year (2022: £nil) as the Society's activities are charitable in nature.

## 16. HOUSING PROPERTIES – GROUP

	Care Housing and Independent Living completed £'000	Care, Housing and Independent Living under construction £'000	Shared Ownership completed £'000	Total £'000
<b>Cost:</b>				
<b>As at 31 March 2022</b>	<b>144,806</b>	<b>13,414</b>	<b>793</b>	<b>159,013</b>
Additions:				
Construction Costs	-	403	-	403
Additions to completed Schemes	-	-	-	-
Replaced components	2,820	-	-	2,820
Transferred to current assets	-	(191)	-	(191)
Component disposal	(491)	-	-	(491)
Closed property disposal	(3,181)	-	-	(3,181)
Construction assets completed during the year	3,788	(3,788)	-	-
<b>As at 31 March 2023</b>	<b>147,742</b>	<b>9,838</b>	<b>793</b>	<b>158,373</b>
<b>Depreciation:</b>				
<b>As at 31 March 2022</b>	<b>21,313</b>	-	-	<b>21,313</b>
Charge for the year	2,483	-	-	2,483
Eliminated on disposals: components	(247)	-	-	(247)
Eliminated on disposals: other	(396)	-	-	(396)
<b>As at 31 March 2023</b>	<b>23,153</b>	-	-	<b>23,153</b>
<b>Impairment:</b>				
<b>As at 31 March 2022</b>	<b>6,012</b>	<b>9,836</b>	-	<b>15,848</b>
Charge for the year	5,079	-	-	5,079
Reversed prior year impairment	(3,128)	-	-	(3,128)
Released in the year at sale	(166)	-	-	(166)
Adjustment to PY	-	2	-	2
<b>As at 31 March 2023</b>	<b>7,797</b>	<b>9,838</b>	-	<b>17,635</b>
<b>Net book value at 31 March 2023</b>	<b>116,792</b>	-	<b>793</b>	<b>117,585</b>
<b>Net book value at 31 March 2022</b>	<b>117,481</b>	<b>3,578</b>	<b>793</b>	<b>121,852</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 16. HOUSING PROPERTIES – SOCIETY

	Care Housing and Independent Living completed £'000	Care, Housing and Independent Living under construction £'000	Shared Ownership completed £'000	Total £'000
<b>Cost:</b>				
<b>As at 31 March 2022</b>	<b>146,106</b>	<b>13,305</b>	<b>793</b>	<b>160,204</b>
Additions:				
Construction Costs	-	512	-	512
Additions to completed Schemes	-	-	-	-
Replaced components	2,820	-	-	2,820
Transferred to current assets	-	(191)	-	(191)
Component disposal	(491)	-	-	(491)
Closed property disposal	(3,181)	-	-	(3,181)
Construction assets completed during the year	3,788	(3,788)	-	-
<b>As at 31 March 2023</b>	<b>149,042</b>	<b>9,838</b>	<b>793</b>	<b>159,673</b>
<b>Depreciation:</b>				
<b>As at 31 March 2022</b>	<b>21,313</b>	-	-	<b>21,313</b>
Charge for the year	2,483	-	-	2,483
Eliminated on disposals: components	(247)	-	-	(247)
Eliminated on disposals: other	(396)	-	-	(396)
<b>As at 31 March 2023</b>	<b>23,153</b>	-	-	<b>23,153</b>
<b>Impairment:</b>				
<b>As at 31 March 2022</b>	<b>6,012</b>	9,836	-	<b>15,848</b>
Charge for the year	5,079	-	-	5,079
Reversed prior year impairment	(3,128)	-	-	(3,128)
Released in the year at sale	(166)	-	-	(166)
Adjustment to PY	-	2	-	2
<b>As at 31 March 2023</b>	<b>7,797</b>	<b>9,838</b>	-	<b>17,635</b>
<b>Net book value at 31 March 2023</b>	<b>118,092</b>	-	<b>793</b>	<b>118,885</b>
<b>Net book value at 31 March 2022</b>	118,781	3,469	793	123,043

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 16. HOUSING PROPERTIES – FURTHER ANALYSES

### Freehold vs Leasehold

	Group	Society	Group	Society
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Freehold	<b>115,035</b>	<b>116,337</b>	119,095	120,286
Long leasehold	<b>2,549</b>	<b>2,549</b>	2,757	2,757
<b>Total</b>	<b>117,584</b>	<b>118,886</b>	121,852	123,043

### Major Works

	Group	Society	Group	Society
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Improvements to existing properties capitalised	<b>2,820</b>	<b>2,820</b>	2,216	2,216
<b>Total</b>	<b>2,820</b>	<b>2,820</b>	2,216	2,216

### Capital Grants – Housing Properties Grants in Reserves

	Group	Society	Group	Society
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
<b>Capital grant - Housing Properties in Reserves</b>				
<b>As at 1 April 2022</b>	<b>25,340</b>	<b>25,340</b>	26,024	26,024
Capital grant - Housing Properties in creditors	<b>16,661</b>	<b>16,661</b>	16,787	16,787
Recycled Capital Grant Fund	<b>5,707</b>	<b>5,707</b>	5,548	5,548
<b>Total</b>	<b>47,708</b>	<b>47,708</b>	48,359	48,359

The Society had property with a book value of £17.6m pledged as security at 31 March 2023 (2022: £17.6m). The bank revaluation exercise completed as at year end date reported total security value of £30.9m



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. OTHER FIXED ASSETS, TANGIBLE AND INTANGIBLE – GROUP AND SOCIETY

	Fixtures, fittings and furniture £'000	Computer and other office equipment £'000	Total £'000
<b>Cost:</b>			
<b>As at 31 March 2022</b>	<b>592</b>	<b>723</b>	<b>1,315</b>
Additions	2	1,165	<b>1,167</b>
Disposals	(591)	(228)	<b>(819)</b>
<b>As at 31 March 2023</b>	<b>3</b>	<b>1,660</b>	<b>1,663</b>
<b>Depreciation:</b>			
<b>As at 31 March 2022</b>	<b>563</b>	<b>694</b>	<b>1,257</b>
Charge for the year	9	41	<b>50</b>
Disposals	(570)	(227)	<b>(797)</b>
<b>As at 31 March 2023</b>	<b>2</b>	<b>508</b>	<b>510</b>
<b>Net book value at 31 March 2023</b>	<b>1</b>	<b>1,152</b>	<b>1,153</b>
<b>Net book value at 31 March 2022</b>	<b>29</b>	<b>29</b>	<b>58</b>

Included in the Other Fixed Assets net book value as at 31 March 2023 are intangible assets of £246k (2022: £18k) representing software costs.

### 18. INVESTMENT PROPERTIES

Investment properties consist of properties not held for social benefit or for use in the business. Investment properties are measured at the cost on initial recognition. Subsequently they are carried at fair value determined annually by professionally qualified valuers and derived from the current market rent and investment property yield for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

#### Group and Society

	Market rent £'000
<b>Cost:</b>	
As at 1 April 2022	800
Revaluation	80
<b>At 31 March 2023</b>	<b>880</b>

The valuations were undertaken by Savills LLP as at 31 March 2023 in accordance with the RICS Valuation Global Standards 2017 and the RICS Valuation - Professional Standards 2014. In valuing investment properties an investment method of valuation was used. Details of the assumptions made and the key sources of estimation uncertainty are given in Note 3

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18. INVESTMENT PROPERTIES (continued)

If investment property had been accounted for under the historic cost accounting rules the properties would have been measured as follows

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
<b>Cost:</b>				
Historic cost	591	591	591	591
Accumulated Depreciation	(145)	(142)	(145)	(142)
<b>At 31 March 2023</b>	<b>446</b>	<b>449</b>	<b>446</b>	<b>449</b>

## 19. INVESTMENTS

Subsidiary Undertakings	Country of incorporation or registration	Voting rights % held	Nominal value of the shares held	Nature of business	Nominal value of the share held
Abbeyfield Properties Limited	England	100%	£1	Design-and-build	Incorporated company, limited by shares
The Abbeyfield Research Foundation	England	100%	£nil	Fundraising and grant making	Incorporated company, limited by guarantee
Abbeyfield UK Limited	England	100%	£nil	Dissolved 15 August 2023	Incorporated company, limited by guarantee
Pebblemist Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee
Abbeyfield Elland Society Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee

All above Subsidiary undertakings are registered at The Abbeyfield Society, 17-19 Hampton Lane, Solihull, B91 2QJ

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20A. PROPERTIES FOR SALE - GROUP

	Closed properties held for sale £'000	Developed units £'000	2023 Total £'000	2022 Total £'000
Work in progress	-	1,736	1,736	3,794
Completed properties - developed and closed	2,337	-	2,337	-
Completed properties - acquired	380	-	380	120
Less: Provision for impairment	-	(1,736)	(1,736)	(1,737)
<b>Total</b>	<b>2,717</b>	<b>-</b>	<b>2,717</b>	<b>2,177</b>

## 20B. PROPERTIES FOR SALE – SOCIETY

	Closed properties held for sale £'000	Developed units £'000	2023 Total £'000	2022 Total £'000
Work in progress	-	1,736	1,736	3,917
Completed properties - developed and closed	2,372	-	2,372	-
Completed properties - acquired	380	-	380	120
Less: Provision for impairment	-	(1,736)	(1,736)	(1,737)
<b>Total</b>	<b>2,752</b>	<b>-</b>	<b>2,752</b>	<b>2,300</b>

Properties developed for sale do not include capitalised interest.

## 21. DEBTORS – GROUP AND SOCIETY

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
<b>Due within one year</b>				
Rent and service charge arrears	1,333	830	1,333	830
Less: Provision for doubtful debts	(266)	(270)	(266)	(270)
	<b>1,067</b>	560	<b>1,067</b>	560
Abbeyfield member societies	61	116	61	116
Other debtors	235	382	531	791
Prepayments and accrued income	2,599	2,760	2,599	2,760
<b>Total</b>	<b>3,962</b>	<b>3,818</b>	<b>4,258</b>	<b>4,227</b>
<b>Due after one year</b>				
Due from Abbeyfield member societies	238	306	238	306

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 22. CURRENT ASSET INVESTMENTS – GROUP AND SOCIETY

	2023	2022
	£'000	£'000
Opening fair value	592	1,675
Additions	-	-
Fair Value Adjustment	(31)	73
Disposals	(205)	(1,156)
Closing fair value	<b>356</b>	592

All current asset investments are shares held in listed companies which trade on a regular basis. Investments in the year were managed by LGT Wealth Management (Vestra) and Waverton Investment Management. The closing fair value as at 31 March 2023 related to investments held with Waverton Investment Management only which had original cost of investment of £307k.

## 23. CREDITORS: FALLING DUE WITHIN ONE YEAR – GROUP AND SOCIETY

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Trade creditors	973	1,235	973	1,235
Taxation and social security	856	389	856	389
Other creditors	1,938	1,985	1,868	1,856
Deferred capital grant (note 25)	125	125	125	125
Recycled Capital Grant Fund (note 26)	1,949	1,066	1,949	1,066
Accruals and deferred income	4,825	4,377	4,825	3,557
Amount owed to group undertakings	-	-	33	731
<b>Total</b>	<b>10,666</b>	9,177	<b>10,629</b>	8,959

Taxation and social security above include 3 months pension liability of £450k (2022: £Nil) accrued as a result of new system implementation.

Of the Recycled Capital Grant Fund, £861k (2022: £133k) is likely to be repaid to the Greater London Authority if approval is not given for extended use.

## 24. CREDITORS: FALLING DUE AFTER ONE YEAR – GROUP AND SOCIETY

	Group 2023 £'000	Group 2022 £'000	Society 2023 £'000	Society 2022 £'000
Deferred capital grant (note 25)	16,536	16,661	16,536	16,661
Recycled Capital Grant Fund (note 26)	3,758	4,482	3,758	4,482
Bank Loan	-	5,000	-	5,000
Other creditors	531	395	562	594
<b>Total</b>	<b>20,825</b>	26,538	<b>20,856</b>	26,737

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 25. DEFERRED CAPITAL GRANT – GROUP AND SOCIETY

	2023	2022
	£'000	£'000
At 31 March 2022	16,786	15,690
Grants recycled from the recycled grant fund	-	1,221
Released to income during the year	(125)	(125)
<b>Total</b>	<b>16,661</b>	<b>16,786</b>

## 26. RECYCLED CAPITAL GRANT – GROUP AND SOCIETY

### Capital grant: relating to development activities funded by

	HCA	GLA	Total	HCA	GLA	Total
	2023	2023	2023	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2022	2,968	2,580	5,548	2,886	2,573	5,459
Inputs to fund:						
Grants recycled from reserves at point of sale	187	-	187	1,296	-	1,296
Transfer to deferred grant	-	-	-	(1,221)	-	(1,221)
Interest accrued	67	51	118	7	7	14
Repayment to GLA	-	(133)	(133)	-	-	-
Tax rebate	(8)	(5)	(13)			
<b>At 31 March 2023</b>	<b>3,214</b>	<b>2,493</b>	<b>5,707</b>	<b>2,968</b>	<b>2,580</b>	<b>5,548</b>

Included in creditors: amounts due

within one year	1,087	862	1,949	936	130	1,066
Included in creditors: amounts due						
after more than one year	2,127	1,631	3,758	2,032	2,450	4,482
<b>At 31 March 2023</b>	<b>3,214</b>	<b>2,493</b>	<b>5,707</b>	<b>2,968</b>	<b>2,580</b>	<b>5,548</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 27A. LOANS AND BORROWINGS – GROUP AND SOCIETY

	Bank loans 2023 £'000	Bank loans 2022 £'000
<b>Maturity of debt:</b>		
More than one year and up to two years	-	5,000
<b>Total</b>	<b>-</b>	<b>5,000</b>

The Group has a £5 million overdraft facility and a £5m Revolving Credit Facility (RCF) with Barclays Bank. Both facilities are secured by charges on certain housing and care properties of the Group, as disclosed in Notes 16 and 19. The overdraft and RCF were available but undrawn at year end.

## 27B. FAIR VALUE OF NET CURRENT ASSETS – GROUP AND SOCIETY

	2023 £'000	2022 £'000
<b>Financial assets</b>		
<b>Financial assets measured at fair value:</b>		
Investments	356	1,675
<b>Financial assets measured at historic cost:</b>		
Trade receivables	1,333	313
Other receivables	2,867	7,338
Cash and cash equivalents	15,767	23,691
<b>Total financial assets</b>	<b>20,323</b>	<b>33,017</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at historic cost:</b>		
Trade creditors	(973)	(737)
Other creditors	(7,619)	(8,159)
<b>Total financial liabilities</b>	<b>(8,592)</b>	<b>(8,896)</b>

For cash and cash equivalents, short term deposits, current receivables, current payables and loans payable, the carrying amounts approximate fair value, because of the short maturity of these instruments, and therefore fair value information is not included in the table above.

## 28. CONTINGENT LIABILITIES

The Group receives grants from Homes England and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. Where member societies and other organisations have transferred their net assets to the Group through a transfer of undertakings, any related grants are taken into account in the fair value of the assets and this is credited to reserves as part of the surplus/deficit on transfer. The Group has a future obligation to recycle such grants once the properties are disposed of. The amount of grant on properties which will be recycled on disposal, where not already accrued, is £1,319k.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 28. CONTINGENT LIABILITIES (continued)

Through the Abbeyfield Research Foundation, grants are awarded to fund research into issues affecting the care of older people, with the aim of developing practical solutions to improve care. At 31 March 2023 the outstanding commitment to the Abbeyfield Research Foundation was £353k (2022: £585k).

Total grants in reserves amount to £25.34m (2022: £26.02m).

## 29. OPERATING LEASES – GROUP AND SOCIETY

The Group and the Society had minimum lease payments under non-cancellable operating leases as set out below:

	2023 £'000	2022 £'000
<b>Amounts payable as lessee:</b>		
Within one year	781	781
After one year but within five years	2,996	2,996
After five years	15,791	16,540
<b>Total</b>	<b>19,568</b>	<b>20,317</b>

## 30. CAPITAL COMMITMENTS – GROUP AND SOCIETY

	2023 £'000	2022 £'000
<b>Commitments contracted but not provided for:</b>		
Major Works	2,120	1,505
Construction	239	801
Experience Programme	211	1,334
<b>Commitments approved by the Board but not provided for:</b>		
Major Works	3,407	-
Construction	200	588
Experience Programme	159	571
<b>Total</b>	<b>6,336</b>	<b>4,799</b>

### Capital commitments for the Group and Society will be funded as follows:

Social Housing Grant	920	-
Sales of properties	3,846	3,280
Donations	1,200	-
Existing cash and utilisation of facilities	370	1,519
<b>Total</b>	<b>6,336</b>	<b>4,799</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 31. RELATED PARTY DISCLOSURES

Abbeyfield Properties Limited (“APL”) charged design-and-build fees to the Society amounting to £927k (2022: £3,738k) that included a 5% mark up by APL. The contractors’ costs incurred by APL relating to the design-and-build amounted to £882k (2022: £3,560k). APL has made a charitable donation to the Society of £24k in respect of the year (2022: £158k).

No grant was made to Abbeyfield Research Foundation by the Society during the year (2022: £100k).

During the year costs of £769k (2022: £1,140k) were incurred as part of the Society's support for other member societies. This does not include any allocation of central costs (2022: £0k).

During the year three of the Society's Trustees were also Chairs of member / international societies and as such transactions with these member / international societies are considered to be related parties.

The Trustees, their related societies and the associated membership fee transactions during the year were as follows:

Name	Society	Value of transactions
Jeff Medlock - Vice Chairman	Abbeyfield Beaconsfield Society	£10,685
Andre Decraene	Abbeyfield Belgium	£1,393
Cedric Meiring	Abbeyfield South Africa	£1,548

## 32. RESTRICTED RESERVES

At the start of the financial year, the opening restricted reserves was £6.97m (2022: £12.8m). During the year, we received a restricted donation from the Mary Feilding Trust of £2.3m. The Mary Feilding Trust's donation was applied towards a specific project which includes the purchase of essential hardware, installation of a reliable Wi-Fi service, installation of electric vehicle charging points and upgrade to residents’ facilities. A review of restricted reserves was undertaken at the year-end and, where restrictions did not apply, these reserves were released appropriately. Where there were uncertainties around the terms of the restriction, the Board of Trustees decided to either designate these reserves or refer to the Charity Commission for a Cy Pres. This was in line with advice received from our legal advisors. The balance of the designated reserves as at 31 March 2023 as £1.695m (2022: £1.06m).

## 33. BUSINESS COMBINATIONS

No businesses were transferred to the Society during the year.

## 34. POST BALANCE SHEET EVENTS

A cash donation of £300k was received in April 2023 from The Mary Feilding Trust, which has been donated with the specific purpose of enhancing technological transformation to further enhance residents’ lives.

Following the balance sheet date, the Society announced the commencement of a Sustainability Programme which may lead to a reduction in the number of units owned and managed by the Society. A formal consultation process with residents and staff concerned commenced in May 2023. As the announcement of the programme happened after the year end, this is regarded as a non-adjusting event.



[End of Report]