

ABBNEYFIELD SOUTHERN OAKS
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017

MAURICE ANDREWS
Chartered Accountants
Global House
1 Ashley Avenue
Epsom
Surrey KT18 5FL

ABBNEYFIELD SOUTHERN OAKS

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ABBEYFIELD SOUTHERN OAKS

CHAIRMAN'S REPORT

I said last year that 2015/6 was a breakthrough year. It was – with vital new management structures and a successful planning permission in Ewell.

Well, at the risk of being boring, I am delighted to report that 2016/7 has been a second breakthrough year! In early January 2018 we signed loan agreements with two banks and The Abbeyfield Society, so that we are now able to move forward with the building of our new extra care community in Ewell (60 one and two-bedroom flats with communal social and well-being facilities – 30 for sale, and 30 for rental). To this end, we have also completed a construction agreement with Castleoak Care Partnerships to build the accommodation. Agreements will shortly be in place with Epsom Sports Club which will lead to sport being resumed at Old Schools Lane in the last quarter of 2018. Our works on site commenced in early January 2018, and our new community should be up and running in Autumn 2019.

Our management team has also transformed itself yet further. Having completed over two years with us, Gaynor Cavanagh moved on to new responsibilities in Abbeyfield's Eastern Division in August, leaving us with an ASO team of three, who are proving themselves well up to challenge of managing our four sheltered houses with limited input from above. In place of Gaynor, we have appointed an interim Director of Operations, Heather Northey, whose prime role is to lead and guide us through all the work needed to design, staff and deliver the operations needed in our new development. This effort is starting with a round of planning and policy work by Heather, supported by our Steering Group Trustees and our Financial Manager. Before long the workload will have developed to the stage where it needs to link in to the work of our wider management team and to the resources of a small but growing band of local volunteers under the leadership of Andrew Hoy, one of the Society's Trustees.

Working together to create community

Our ASO team is on a journey of multiple lifetimes over multiple generations. Together our residents, staff and volunteers have lived, worked and played together over many decades to build a community of independent individuals that love life and the relationships generated along the way. As we move on to grow the residential element of our community from 36 to well over 100 people, we all need to reach out to our friends and neighbours, to enlist their enthusiasm and skills to help with the journey ahead.

Please can you all do something to help in this regard – to attract new volunteers into our organization. **Please let our Office Manager, Mel Ktorides, know if you think you know of someone.**

Our first need is for a relatively small (10-20) group of people who can help renew and extend the skills and energy base of our existing volunteer teams, and/ or take on voluntary leadership roles in the start up of our new operations in Ewell. This includes:

- People willing and able to train for the taking on of leadership roles in our existing house volunteer teams
- People who would like to help design and run a befriending service for residents in our houses and in the wider community around our houses
- People who have run medium-sized hotels or similar customer service operations, who can help us with the set up of our new extra care operation
- People with good communications and PR skills who can help us improve our communications within and outside the Society
- People who enjoy designing and running fundraising events and entertainments for groups of residents and other older people
- People who would like to help us pursue our fundraising goals
- A person willing and able to take on the role of our Society Secretary, serving the Society and its Board of Trustees

ABBEYFIELD SOUTHERN OAKS

CHAIRMAN'S REPORT

(continued)

Our residents are still having fun!

Despite all the hard work going on within our staff and volunteer community, and despite some continuing challenges in dealing with housing staff shortages, our community of residents is still in good shape. Our occupancy levels were high throughout most of the year. We had good staff cover during periods of staff shortage. And we had a good programme of events and outings that were enjoyed by our residents.

Our *Mulgrave Road* house (Sutton) was full or nearly full throughout the year. Residents and volunteers enjoyed a very successful Garden Party in the summer, and their new Housekeeper, Tracey Bennett, has done a lot to improve the House environment. In particular, the dining room and lounge/ garden room have been updated and redecorated. The residents have been very positive regarding the changes, and Tracey's role in making things happen. Mulgrave is now full, looking "gleaming" both inside and out, with all involved feeling happy and contented!

The Old House (Ewell) has also enjoyed high occupancy levels. Residents spent a delightful summer's day on the Thames with lunch at Richmond; trips out to local garden centres; and numerous visitors (including our local Mayor) to our weekly coffee mornings. The house's gardens have recovered well, overcoming the impact of insufficient attention when its contractor went off sick over the summer. Two old friends of the Old House died during the year, and were fondly remembered by many of its team - John Weir, the former gardener, and Tony Buckingham, a long time Abbeyfield Trustee involved with the Old House.

The Old House lost its manager, Roz Palmer, in November 2017, due to her family circumstances in New Zealand. Fortunately, however, by mid December our team had recruited Lucy Landers to take over. Our residents enjoyed a good Christmas in the house, and are looking forward to Lucy and Lorraine Monk (our Relief House Keeper of 13 years standing) making a great new team for the New Year.

Purley Knoll

Our Purley residents and house team have had a difficult year with all the changes taking place and with the resignation of two house managers. Despite this, however, the house has remained full for most of the year with the residents enjoying an active schedule of outings including several visits to Woodcote Garden Centre, a lunch at Denbies and tea at Marjorie Marsh's house. Fundraising has remained an important activity, with the U3A concert, the Garden Party and the Bridge Drive together raising £1,913. This has enabled the house to redecorate the lounge and dining room. The house entered the Abbeyfield Society Doorstep Challenge and received a Certificate of Excellence for its front gardens. Our resident Olive Himsley celebrated her 103rd birthday recently with her family, house team and friends.

Brenda Mendes has recently been appointed as the house manager for Purley Knoll. The house team and residents are hugely grateful to Jo Taylor and all the relief staff for their support over the last year.

York Road (Sutton) continues to be a happy and fulfilling house, and much credit for this must go to our longest-serving House Manager, Jean Thompson. The atmosphere is always warm and welcoming, and the residents enjoy participating in and contributing to the life of the house. The only sadness was that, due to their increasing care needs, two long-standing residents made the decision to move on to residential homes - they are much missed.

ABBEYFIELD SOUTHERN OAKS

CHAIRMAN'S REPORT

(continued)

Special words of thanks

It is dangerous to say a special word of thanks to anyone in a Society like ours, because there are so many of our members (residents, family members, staff and volunteers) who are each doing their bit to make ASO unique. All these efforts are special and, because of the numbers of contributors involved, cannot be acknowledged individually.

But sometimes there are contributions that are so great that it would be unforgivable for me not to, at least, hint at two sets of team players that have been excelling themselves this year.

Firstly, because we have had a series of staff departures during the year, it has fallen to many of our house staff to be more flexible than usual in helping out other houses with their staffing needs. Also our West Street management team has had to multi-task to a remarkable degree to keep the show on the road in times of major staff shortage. Our Trustees are very appreciative of the dedication, loyalty and effort shown by all members of the house and management teams throughout these challenging times.

Secondly, the Development Steering Group has this year completed its six-year marathon effort of nurturing a developmental “gleam in the eye” through the minefields of the Epsom and Ewell planning process and the coral reefs of the funding and contracting processes to the point where we now have a fully-financed project in hand and the prospect of opening attractive new Abbeyfield homes for 60-80 new residents in 18 months’ time! The team-working performance of this Steering Group has been truly outstanding. All of the Steering Group’s nine Trustees have taken on major areas of personal responsibility and have individually and collectively poured over the details of building design; dealt expeditiously with difficult contracting situations; worried intensively as to how we are going to market and sell our finished apartments promptly and efficiently; advertised and sold our investment properties ahead of plan; taken on major operational and financial management responsibilities beyond their expectations; and been painstaking in their efforts to ensure that all the programme risks have been properly identified and managed. What an achievement!

Looking ahead to next year

By this time next year our new building should be there to see, although not yet finished. We will have attractive marketing and sales materials on our specialist website (with brochures for those who hate the digital world). We will have started to sell properties to those who are ready to buy them.

All our volunteers, staff and residents will have been given initial briefings on our plans for the new operation. They will have been involved in discussions as to how it can add value to the lives of those living in our four sheltered houses.

We will have made progress on our efforts to raise over £600,000 to help make the communal areas of the building as attractive and well-equipped as possible, to equip and plant the surrounding gardens, and to fund temporary staff during the start up period of the community, when demands on staff are likely to be exceptionally high.

If you would like to make a contribution to our fundraising efforts – by money, legacy or time - this would be an excellent time to do so! **Please contact our office for further details.**

Graham Walker
Chairman

ABBNEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017

The Trustees present their report and the audited financial statements of the Society for the year ended 30th September 2017

OBJECTIVES AND ACTIVITIES

To provide accommodation, care and companionship for the support and care of older people of all backgrounds exposed to the disadvantages of old age, or otherwise being in need, in accordance with the aims and principles of The Abbeyfield Society. This activity is provided for the benefit of the community and falls wholly within social housing activities as defined in the Housing and Regeneration Act 2008.

The Society currently operates four sheltered houses for older people (one in Purley, two in Sutton and one on the borders of Epsom and Ewell), with a total capacity of 36 residents. Our policy is to provide older people who no longer wish to live alone with support, good home cooking, and companionship, whilst helping them to maintain their independence, privacy and dignity.

We welcome, as residents, people from a diverse range of cultures and backgrounds who will each contribute to the community in their respective 'family-style' sheltered home. Whilst some of our residents are able to meet our charges from their own resources, others have recourse to the support available from the local council through arrangements such as Housing Benefit. We do not provide any financial advice to potential new residents, but are happy to suggest where they may be able to obtain such advice and assistance with complete confidentiality. Our services are advertised to the public via our website and through advertisements in the local press, churches and other organisations supportive of older people. Our admissions procedure and selection criteria are published on our website.

We receive income from charges made to residents for the provision of accommodation and services, and from income from investments in property and marketable securities, which derive principally from past legacies and from fundraising and donations.

The Members of the Trustees have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to guidance published by the Charity Commission concerning the public benefit requirement.

Our strategy is to be volunteer governed and supported and the Society is indeed fortunate to have an extensive and active volunteer base with a broad range of skills. The building of our new Extra Care has galvanized us into action to recruit more volunteers to support our work.

ACHIEVEMENTS AND PERFORMANCE

The Society has successfully fulfilled its objectives during the year under review. Further information detailing the achievements and performance of the Society can be found in the Chairman's Report annexed hereto.

During the year the Society has been focusing on managing the operational costs of its housing stock so as to continuously improve the value for money that it is offering to its residents. All staff earn a living wage and those eligible benefit from Society contributions to their stakeholder pensions.

Since the year-end the Society has been successful in securing finance for its proposed independent living community in Old Schools Lane, Ewell.

ABBNEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Abbeyfield Southern Oaks was established on 6th September 1962 under a Memorandum and Articles of Association which set out its objects, powers and governance arrangements.

The Society is a registered charity (No. 247308) and a registered housing association (No. H1185). It is a company limited by guarantee (No. 00734705) which does not have a share capital. Every member of the Society undertakes to contribute an amount not exceeding £1 to the assets of the Society in the event of winding up. The total number of such members at 30th September 2017 was 50 (2016 - 49).

The activities of the Society are overseen by a Board of Trustees whose members are elected at an Annual General Meeting and who serve for a period of three years after which they must seek re-election if wishing to continue in office. The Board of Trustees meets at least four times a year. All Trustees are Directors of the Society.

The Society seeks new members of the Trustees based on the skills and experience required to assist in the management and administration of the Society. New members of the Trustees are provided with full details of the Society and its activities and are provided with such additional training as may be required for them to participate fully in the activities of the Society.

The Trustees have conducted a review of the major risks to which the Society is exposed. Where appropriate, systems or procedures have been established to mitigate the risks that the Society faces. The systems of internal controls are externally examined in that the Society has received the Abbeyfield Core Standard in 2015 and has also been accredited by local councils in respect of their Supporting People arrangements.

FINANCIAL REVIEW

The results for the year are as set out in the Statement of Financial Activities on page 14 and the Analysis of Income and Expenditure shown on page 24.

The Society is reporting an overall surplus of £1,526,928 for the year. This comprises the net effect of:

- net expenditure for the year of £109,965, which includes an impairment revaluation provision of £171,294 in respect of one of our four sheltered houses, and
- a revaluation surplus for the year of 1,636,993, which includes a revaluation surplus of £1,619,378 in respect of our investment properties and three of our four sheltered houses.

Included in the net expenditure for the year is a net operating surplus from continuing activities for the year of £145,126 (2016 – £293,444) as disclosed in Note 20.

The Trustees are satisfied with the financial performance of the Society and continue to work on ways to further enhance this for the benefit of our residents, both current and future.

The Society continued to invest during the year in the new development site in Old Schools Lane that was purchased in the previous year. As at the year end the accumulated investment in this development was £3,907,373; of which £1.2 million was supplied by Old Salesians to be spent on the provision of sports facilities alongside the development and is represented on our books as a long-term creditor until this transpires.

ABBNEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

FINANCIAL REVIEW *(continued)*

INVESTMENT POLICY

Investments in marketable securities are managed by an independent fund manager working under the direction of the Society's Trustees. Currently, the Trustees' investment policy is set so as to sustain the capital value of its investments with a view to their being realised in the short term for re-investment in the Society's proposed Extra-Care development. These funds were released in November/December 2017.

RESERVES POLICY

The accumulated funds are free reserves that have been built up over time to cover future expenditure on projects designed to improve and extend the Society's ability to pursue its charitable objectives. Given the anticipated growth in the demand for the Society's services, and given the challenges involved in establishing new facilities suitable to meet future service needs, the Trustees consider that the current level of reserves is appropriate to its current market circumstances.

FUTURE DEVELOPMENTS

The Society has secured £13 million of loan finance and an HCA grant of £0.96 million to build a new independent living community in Old Schools Lane, Ewell, and construction work commenced on the site in early January 2018, with an expected completion date in the Autumn of 2019. This community will provide a specialised form of sheltered accommodation (comprising one and two bedroom flats) with shared social and catering facilities. It has been designed to accommodate residents' changing care needs as they get older. Where there are such needs, they will be commissioned by the resident from independent care suppliers in the knowledge that, in most instances, the facilities of the community will be flexible enough to deal with their changing circumstances.

This development will result in an increase in the number of residents served from the current 35 to between 100 and 120. The Society will repay most of its borrowing from the proceeds of sales of half of its properties and will refinance the balance by a mortgage repayable over 10 years. The Society's Trustees have worked through the risks and opportunities presented by this development and are satisfied that the community will be viable in the longer term and that our cash exposures in the shorter to medium term can be managed within the Society's means.

RISK MANAGEMENT

The Society has been managing the risks associated with its ongoing sheltered housing operations and its intended independent living with care operations, through the scrutiny of its development team. Professional advice and support has been obtained to help the Trustees develop strategies in respect of a range of matters affecting risk. These include the selection and negotiation of sources of finance; the determination of building requirements and the negotiation of building contracts; the successful and timely completion of sales and rentals of flats; the planning and implementation of staffing structures; and the design and implementation of residents' services so as to be affordable to all and responsive to residents' wants and needs.

ABBEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

VALUE FOR MONEY

At Board level our governance structure ensures that there is continued scrutiny of financial performance and continued improvement in Value for Money (VFM) delivery, balanced with our aspiration to provide excellent services to our residents. Whilst day-to-day management of services rests with the Director of Operations, she is accountable to the Board's Operations and Development committees. Performance and operations are scrutinized through a wide range of performance parameters and more informal scrutiny is achieved through the volunteering involvement of most of our Trustees within the business.

We have a clear understanding of financial return and performance within the business. We manage our finances to invest in the right assets, improve the management of voids and deliver savings through operational efficiency and improved systems. Where possible we benchmark our services within and outside Abbeyfield and look for savings through competitive procurement.

We plan, monitor and manage carefully the viability of each of our sheltered houses and are engaged in a major investment programme to deliver and operate new facilities that will ultimately replace sheltered housing, as and when it ceases to become viable. When that time comes the proceeds from the sale or redeployment of unviable sheltered housing will be recycled into new investments in modern equivalent accommodation.

Our strategy of attracting and deploying large number of volunteers to supplement the services that our employed staff deliver to our residents has a major impact on the value for money we offer our residents. As at the end of 2017, the Society enjoyed the services of over 120 volunteers to help govern, support and develop the services we deliver to current and future residents.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity registration number	247308
Company registration number	00734705
Homes and Communities Agency number	H1185
Registered Office and operational address	7 West Street Ewell Epsom Surrey KT17 1UZ

ABBNEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

REFERENCE AND ADMINISTRATIVE INFORMATION *(continued)*

TRUSTEES

The following individuals have served as Trustees and Directors of the Society during the period from 1st October 2016 to the date of this report:

	Date of Appointment	Office Held
Margaret Angus		
Mary Boorman		
Janet Fisher		
Dr. John Flower		
Dr. Andrew Hoy	21.02.2017	
Nigel Macdonald		Vice Chairman
Lyn Maggs		
Maurice Pagella		Development Financial Trustee
Jim Ratliff		Vice Chairman
Bill Scott		
Nick Shore		Vice Chairman, Society Financial Trustee
John Shelton		Vice Chairman
Dr Malcolm Wakerley, OBE		Vice Chairman
Graham Walker, LVO		Chairman
Susanna Walker		

In accordance with the Memorandum and Articles of Association, re-elections will be established at the Annual General Meeting, which will be held at 5.00 pm on 1st March 2018.

BANKERS AND OTHER ADVISERS

Bankers

CAF Bank Ltd
 25 Kings Hill Avenue
 Kings Hill
 West Malling
 Kent ME19 4JQ

National Westminster Bank plc (until October 2017)
 9 High Street
 Cobham
 Surrey KT11 3DJ

Unity Trust Bank
 Nine Brindley Place
 Birmingham
 B1 2HB

ABBEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

BANKERS AND OTHER ADVISERS *(continued)*

Auditor	Maurice Andrews Chartered Accountants & Statutory Auditors Global House 1 Ashley Avenue Epsom, Surrey KT18 5FL
Solicitor	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ

RESPONSIBILITIES OF MEMBERS OF THE TRUSTEES

The trustees (who are also directors of Abbeyfield Southern Oaks for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ABBNEYFIELD SOUTHERN OAKS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

AUDITOR

Maurice Andrews have indicated their willingness to continue in office as auditor and a resolution dealing with their re-appointment will be put to the members at the next Annual General Meeting.

REPORTING PROVISIONS

The report of the Trustees has been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities and in accordance with the provisions applicable to companies entitled to the small companies exemption.

APPROVAL

The report of the Trustees was approved by the Board on 9th February 2018 and signed on its behalf by the Chairman of the Society:-

GRAHAM WALKER
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF ABBEYFIELD SOUTHERN OAKS****YEAR ENDED 30th SEPTEMBER 2017****OPINION**

We have audited the financial statements of Abbeyfield Southern Oaks (the "Charity") for the year ended 30th September 2017 which comprise the Statement of Financial Activities (incorporating an Income and Expenditure Account), the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 30th September 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF 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 Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABBEYFIELD SOUTHERN OAKS

YEAR ENDED 30th SEPTEMBER 2017

(continued)

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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

- adequate 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 directors' 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 TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on pages 9 and 10, the trustees 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABBEYFIELD SOUTHERN OAKS

YEAR ENDED 30th SEPTEMBER 2017

(continued)

RESPONSIBILITIES OF THE TRUSTEES (continued)

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

OUR 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.

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

MICHAEL PETTIT (Senior Statutory Auditor)

For and on behalf of

MAURICE ANDREWS

CHARTERED ACCOUNTANTS

& STATUTORY AUDITORS

9th February 2018

Global House

1 Ashley Avenue

Epsom

Surrey KT18 5FL

ABBNEYFIELD SOUTHERN OAKS
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30th SEPTEMBER 2017

	Notes	<u>2017</u> £	<u>2016</u> £
INCOME			
Donations and legacies		17,448	216,885
Charitable activities			
Grants receivable and income from residents	3	570,350	520,960
Other trading activities	4	3,260	2,498
Investment income	5	31,891	64,552
Other income			
Development costs written back		-	220,656
Sundry other income	6	<u>129</u>	<u>45,960</u>
TOTAL INCOME		<u>623,078</u>	<u>1,071,511</u>
EXPENDITURE			
Raising funds	7	32,061	29,981
Charitable activities			
Direct costs	8(a)	486,502	346,138
Support costs	8(b)	120,771	123,109
Governance costs	8(c)	9,912	14,983
Other costs	9	<u>83,797</u>	<u>-</u>
TOTAL EXPENDITURE		<u>733,043</u>	<u>514,211</u>
NET INCOME / (EXPENDITURE)		(109,965)	557,300
Gains on revaluation of fixed assets		1,619,378	-
Gains on investment assets		<u>17,515</u>	<u>62,743</u>
Net movement in funds for the year		1,526,928	620,043
Fund balance brought forward		<u>6,551,952</u>	<u>5,931,909</u>
Fund balance carried forward		8,078,880 =====	6,551,952 =====

ABBEYFIELD SOUTHERN OAKS**BALANCE SHEET**
30th SEPTEMBER 2017

	<u>Notes</u>	<u>2017</u>		<u>2016</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		7,695,168		5,529,449
Investments	13		<u>1,145,607</u>		<u>1,137,976</u>
			8,840,775		6,667,425
CURRENT ASSETS					
Stock		1,200		1,200	
Debtors	14	231,905		9,034	
Cash at bank and in hand		<u>356,872</u>		<u>1,156,065</u>	
		589,977		1,166,299	
CREDITORS: amounts falling due within one year	15	<u>181,218</u>		<u>81,772</u>	
NET CURRENT ASSETS			<u>408,759</u>		<u>1,084,527</u>
			9,249,534		7,751,952
CREDITORS: amounts falling due after more than one year	16		<u>1,170,654</u>		<u>1,200,000</u>
NET ASSETS			<u>8,078,880</u>		<u>6,551,952</u>
			=====		=====
CAPITAL AND RESERVES					
Accumulated funds					
Unrestricted	17		8,072,738		6,545,485
Restricted	18		<u>6,142</u>		<u>6,467</u>
			8,078,880		6,551,952
			=====		=====

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Trustees
on 9th February 2018 and signed on its behalf by:-

G.A.J. Walker - Trustee

N. Shore - Trustee

The notes on pages 16 to 25 form part of the financial statements.

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017

1. STATUS AND ACTIVITIES OF THE SOCIETY

Abbeyfield Southern Oaks is a registered charity (No. 247308), a registered housing association (No. H1185) and a company limited by guarantee (No. 00734705) which does not have a share capital. The Society is wholly engaged in social housing activities as defined in the Housing and Regeneration Act 2008.

The Society is associated by name and objects with, and is an associated member of, The Abbeyfield Society, which provides guidance, co-ordination, initiative, development and representation to independent Abbeyfield Societies throughout the United Kingdom.

Since its formation, the objects of the Society have been to carry on for the benefit of the community the provision and management of housing for letting for the support and care of older people of all classes exposed to the disabilities of old age, or otherwise being in need.

The Society operates four Abbeyfield houses at 2 Purley Knoll, Purley, Surrey, 82 York Road, Cheam, Surrey, 82 Mulgrave Road, Sutton, Surrey, and The Old House, Epsom Road, Ewell, Surrey

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard 102 applicable in the UK and Ireland (effective January 2015), the Financial Reporting Standard 102 applicable in the UK and Ireland (revised September 2015), the Charities Act 2011 and with the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund structure

Unrestricted general funds are available to be used in accordance with the charitable objects at the discretion of the trustees. Designated funds are unrestricted funds which the Trustees have decided, at their discretion, to set aside for a specific purpose. Restricted funds are donations which the donor has specified are to be used solely for particular purposes.

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

2. ACCOUNTING POLICIES *(continued)*

Income recognition

All incoming resources are recognised in the period in which the Society is entitled to receipt and the amount can be measured with reasonable certainty.

Donations and other gifts are accounted for at the date they are received. Gifts in kind are included at valuation at the date of gifting. Any related tax recoverable on donations received is accounted for when due.

Expenditure recognition

Liabilities are recognised as expenditure and are accounted for on an accruals basis.. The cost of overall direction and administration on each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of time spent and other relevant factors attributable to each activity.

Tangible fixed assets

Housing land and buildings are stated at cost less accumulated depreciation and grants receivable. Depreciation is calculated on a straight line basis at the following annual rate in order to write off the asset over its estimated useful life:

Freehold buildings	over 50 years
Fixtures, fittings and equipment	over 3 to 10 years

Social Housing Grant

The Society is in receipt of Social Housing Grants, formerly called Housing Association Grants (HAG). Where developments have been wholly or partially funded by such grants, the cost of these developments has been reduced by the value of the grant received. The value of the grant is disclosed as a separate item. These grants may be repayable in the event that the relevant property is sold by the Society, or if certain other relevant events take place, but can be rolled over into other purchase or development activities in certain circumstances.

Investment Properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date. Any changes in fair value are recognised in the statement of financial activities and accumulated in equity.

Investment Portfolio

The investments held are valued at mid market value at the balance sheet date.

Stocks

Stocks are valued at the lower of cost and net realisable value.

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

2. ACCOUNTING POLICIES *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which payment is made.

3. INCOME FROM CHARITABLE ACTIVITIES

Grants receivable and income from residents charges.

	<u>2017</u> £	<u>2016</u> £
Income receivable from letting of all units based on 100% occupancy	614,515	567,719
<u>Less: vacancies and void losses</u>	<u>44,165</u>	<u>49,357</u>
	570,350	518,362
Grants receivable	<u>-</u>	<u>2,598</u>
	<u>570,350</u>	<u>520,960</u>
	=====	=====

No specific charge is made for services within residents' charges.

4. INCOME FROM OTHER TRADING ACTIVITIES

	<u>2017</u> £	<u>2016</u> £
Fundraising	3,260	2,498
	=====	=====

5. INVESTMENT INCOME

	<u>2017</u> £	<u>2016</u> £
Bank and short term deposits – gross	427	6,274
Income from investment portfolio	24,830	25,143
Income from investment property	<u>6,634</u>	<u>33,135</u>
	31,891	64,552
	=====	=====

ABBEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

6. OTHER INCOME	<u>2017</u> £	<u>2016</u> £
Fee income re development	-	43,200
Sundry other income	<u>129</u>	<u>2,760</u>
	129	45,960
	=====	=====
7. COST OF RAISING FUNDS	<u>2017</u> £	<u>2016</u> £
Portfolio investment management fees	6,800	4,256
Investment property expenses	<u>25,261</u>	<u>25,725</u>
	32,061	29,981
	=====	=====
8. EXPENDITURE ON CHARITABLE ACTIVITIES	<u>2017</u> £	<u>2016</u> £
a) Direct costs		
Food and household	71,136	68,928
Staff costs	135,773	150,551
Repairs and redecorations	28,644	50,164
Rates and utilities	39,780	38,938
Insurance	10,666	8,870
Telephone	3,465	3,791
Sundries	4,033	2,730
Depreciation	21,711	22,166
Impairment of housing stock	<u>171,294</u>	<u>-</u>
	486,502	346,138
	=====	=====
b) Support costs		
Staff costs	86,824	78,336
Affiliation fees – The Abbeyfield Society	10,101	9,777
Advertising and marketing	1,197	3,260
Office expenses	7,961	7,211
Depreciation	1,332	1,331
Legal and professional fees	7,757	18,877
Miscellaneous expenses	<u>5,599</u>	<u>4,317</u>
	120,771	123,109
	=====	=====

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

8. EXPENDITURE ON CHARITABLE ACTIVITIES *(continued)*

c) **Governance costs**

Audit fee	9,060	10,080
Legal and professional fees	-	4,061
Insurance	<u>852</u>	<u>842</u>
	9,912	14,983
	=====	=====

9. OTHER COSTS

	<u>2017</u>	<u>2016</u>
	£	£
Developments costs		
Development costs	83,797	-
	=====	=====

10. STAFF COSTS (including officers)

	<u>2017</u>	<u>2016</u>
	£	£
Salaries	258,827	261,028
Social security costs	16,228	15,386
Pension contributions	<u>4,752</u>	<u>4,132</u>
	279,807	280,546
	=====	=====

Accounted for as:

Charitable activities - direct costs	135,773	150,551
Charitable activities - support costs	86,824	78,336
Development costs - charged to expenses	57,210	-
Development costs - capitalised	<u>-</u>	<u>51,659</u>
	279,807	280,546
	=====	=====

No employee received emoluments of more than £60,000.

The average number of employees during the year was as follows:-

	<u>2017</u>	<u>2016</u>
Office	4	4
Social housing staff	<u>15</u>	<u>15</u>
	19	19
	=====	=====

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

11. TAXATION

The Society is exempt from corporation tax on its charitable activities.

The Society registered for VAT during the year.

12. TANGIBLE FIXED ASSETS

	Freehold investment property £	Freehold operating properties £	Assets under development £	Fixtures, fittings & equipment £	<u>Total</u>
Cost/valuation					
At 1.10.2016	1,350,000	1,903,866	3,301,450	131,876	6,687,192
Additions	-	-	605,923	-	605,923
Transfers	176,080	(176,080)	-	-	-
Impairment	-	(219,577)	-	-	(219,577)
Revaluations	<u>758,920</u>	<u>691,791</u>	<u>-</u>	<u>-</u>	<u>1,450,711</u>
At 30.9.2017	<u>2,285,000</u>	<u>2,200,000</u>	<u>3,907,373</u>	<u>131,876</u>	<u>8,524,249</u>
Housing Association Grant					
At 1.10.2016	-	876,812	-	-	876,812
Disposal on transfers	<u>-</u>	<u>(134,755)</u>	<u>-</u>	<u>-</u>	<u>(134,755)</u>
At 30.9.2017	<u>-</u>	<u>742,057</u>	<u>-</u>	<u>-</u>	<u>742,057</u>
Depreciation					
At 1.10.2016	-	204,061	-	76,870	280,931
Charge for year	-	12,889	-	10,154	23,043
Revaluations/impairment	<u>-</u>	<u>(216,950)</u>	<u>-</u>	<u>-</u>	<u>(216,950)</u>
At 30.9.2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,024</u>	<u>87,024</u>
Net book value					
At 30.9.2017	2,285,000	1,457,943	3,907,373	44,852	7,695,168
	=====	=====	=====	=====	=====
At 30.9.2016	1,350,000	822,993	3,301,450	55,006	5,529,449
	=====	=====	=====	=====	=====

The historic cost of the freehold investment properties at the year end was £1,046,080 (2016 – £870,000) being the probate value at the date of its receipt by the Society. It has been valued by the Trustees at the year end on the basis of its open market value.

The valuation of freehold operating properties shown above of £2,200,000 (2016 - £1,903,866) includes £440,000 (2016 - £630,000) attributed to the land element of the properties as estimated by the Trustees. The freehold operating properties have been revalued at the year end by Bruton Knowles LLP based on their value for existing use.

ABBEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

13. FIXED ASSET INVESTMENTS

	<u>2017</u>	<u>2016</u>
	£	£
a) Investment portfolio		
Market value brought forward	1,137,976	1,077,535
Fees paid from portfolio	(9,884)	(2,302)
Gains (losses) arising on portfolio during the year	<u>17,515</u>	<u>62,743</u>
Market value carried forward	1,145,607	1,137,976
	=====	=====
b) Analysis of market value of portfolio		
Cash deposits held by investment advisors	17,311	25,444
UK government securities	457,807	479,860
Fixed interest securities	110,822	111,950
Equities and Unit Trusts	<u>559,667</u>	<u>520,722</u>
	1,145,607	1,137,976
	=====	=====

14. DEBTORS

	<u>2017</u>	<u>2016</u>
	£	£
VAT recoverable	173,598	-
Sundry debtors and prepayments	<u>58,307</u>	<u>9,034</u>
	231,905	9,034
	=====	=====

15. CREDITORS: amounts falling due within one year:

	<u>2017</u>	<u>2016</u>
	£	£
Taxes and social security costs	5,214	289
Housing Grant repayable	134,755	-
Other creditors and accruals	<u>41,249</u>	<u>81,483</u>
	181,218	81,772
	=====	=====

16. CREDITORS: amounts falling due after more than one year:

	<u>2017</u>	<u>2016</u>
	£	£
Other creditors	1,170,654	1,200,000
	=====	=====

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

17. ACCUMULATED FUNDS - UNRESTRICTED

	Development Fund	Amenity Funds	Major Repairing Reserve	Property Revaluation Reserve	General Fund	Total
		£	£	£	£	£
Balance at 1.10.2016	200,610	29,681	321,367	480,000	5,513,827	6,545,485
Income	-	20,895	-	-	602,183	623,078
Expenditure	-	(13,522)	-	-	(719,196)	(732,718)
Transfers	-	-	27,000	-	(27,000)	-
Gains on revaluation	-	-	-	1,619,378	-	1,619,378
Gains on investments	-	-	-	-	<u>17,515</u>	<u>17,515</u>
Balance at 30.9.2017	<u>200,610</u>	<u>37,054</u>	<u>348,367</u>	<u>2,099,438</u>	<u>5,387,329</u>	<u>8,072,738</u>
Summary of Net Assets by Fund:						
Fixed assets	-	-	-	2,099,378	6,741,398	8,840,775
Net current assets /(liabilities)	200,610	37,054	348,367	-	(183,415)	402,616
Long term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,170,654)</u>	<u>(1,170,654)</u>
	<u>200,610</u>	<u>37,054</u>	<u>348,367</u>	<u>2,099,378</u>	<u>5,387,329</u>	<u>8,072,738</u>

Amenity Funds

These funds have been designated to provide additional amenities and entertainment to residents outside of core activities.

Major Repairing Reserve

It is the Trustees' opinion that funds will be required for future cyclical and major repairs in the medium and long term for their existing sheltered houses. Amounts previously set aside for this purpose have been carried forward as designated reserves. Amounts similar to those provided in previous years will continue to be set aside as reserves in future years.

The amounts so set aside are based on the Society's obligation to carry out such works on a continuing basis for the future maintenance of its properties, based on planned programmes of work for which grants will not be available.

Development Fund

These funds represent donations to the Society which the Trustees have designated to be used against the costs of the major development currently underway.

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

18. ACCUMULATED FUNDS - RESTRICTED

	£
Balance at 1.10.2016	6,467
Deficit for the year	<u>(325)</u>
Balance at 30.9.2017	6,142 =====
Summary of Net Assets by Fund:	
Net current assets	6,142 =====

The Restricted Fund is the balance of a legacy left to the Society for the express use of The Old House in Ewell. During the year £325 was spent – this figure is part of the £4,060 sundry direct charitable expenses shown in note 8(a).

19. HOUSING STOCK

	Units under development		Units in management	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Social Housing Accommodation				
Number of bed spaces, excluding housekeeper and guest rooms	0	0	36	35

20. ANALYSIS OF SOCIAL HOUSING INCOME AND EXPENDITURE

	<u>2017</u>	<u>2016</u>
	£	£
Residential charges	570,350	520,960
	=====	=====
Social housing surplus	148,159	54,473
Non social housing surplus	<u>(18,627)</u>	<u> 7,410</u>
Total operations surplus	129,532	61,883
Investment activities surplus	18,457	27,161
Governance costs	<u>(9,912)</u>	<u>(14,983)</u>
Fundraising and donations	<u> 7,049</u>	<u>219,383</u>
Net operating surplus from continuing activities	145,126	293,444
Impairment of housing stock	(171,294)	-
Revaluation of housing stock	860,458	-
Revaluation of investment property	758,920	-
Gain on investment assets	<u>17,515</u>	<u>62,743</u>
Net surplus from operational activities	1,610,725	356,187
Development costs, net of grants received and write back of costs	<u>(83,797)</u>	<u>263,856</u>
Total surplus for the year	1,526,928	620,043
	=====	=====

ABBNEYFIELD SOUTHERN OAKS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 2017
(continued)

21. SUBSEQUENT EVENTS

Subsequent to the year end the Society:

- a) Completed bank loan facilities on 2nd January 2018 with a total value of £13 million with Unity Bank, Charities Bank and The Abbeyfield Society. These loans are secured by charges over the Society's assets.
- b) Completed a fixed price design and build contract on 2nd January 2018 with Castleoak Care Partnership for the construction of an Independent Living Community at Old Schools Lane, Ewell.
- c) Received a first instalment of £720,000 of an HCA grant of £960,000 that was secured in 2016/17 in respect of its Independent Living Community development project in Ewell, Surrey.

22. TRANSITION TO FRS 102

These are the first financial statements which comply with FRS 102. The company applied FRS 102 from 1st July 2015.

No transitional adjustments were required in equity or profit or loss for the year.

The company has taken advantage of the provisions of FRS102 to revalue its freehold operating properties on transition without having to revalue them on an ongoing annual basis.