

Directors' Report and Annual Accounts

2002/2003

The Abbeyfield Society, Abbeyfield House, 53 Victoria Street, St Albans, Herts, AL1 3UW

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Registered Charity 200719 • Housing Corporation H1046 • Company 574816



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The Abbeyfield Society

Royal Patron	HRH The Prince of Wales, KG KT GCB OM
Patrons	The Marchioness of Anglesey, DBE LVO Richard Baker, OBE RD Christopher G R Buxton, OBE The Most Rev & Rt Hon the Lord Carey of Clifton PC Dame Judi Dench, DBE The Lord Elis-Thomas The Rt Rev Christopher Herbert, Bishop of St. Albans The Rt Hon Michael Howard, QC MP The Lord Hunt of Wirral, MBE Alun E Michael, JP MP Geoffrey Palmer Marguerite Patten, OBE Patricia Routledge, OBE Martin Shreeve, OBE MBA DSW BSc(Econ) Professor Alan Walker, DLitt FRSA The Most Rev & Rt Hon Archbishop of Canterbury The Duke of Westminster, OBE TD DL
President	The Rt Hon Virginia Bottomley MP
Vice-Presidents	Noel H Burdett, OBE MA Michael L Brooks, FRICS FFB
Chairman	Ronald C Kenyon OBE
Executive Committee	A full list of members appears on page 19
Chief Executive	Brian T House, BA CPFA MIMgt
Company Secretary	Paul Townley, BSc, FCA
Professional Advisers	Auditors: Deloitte & Touche LLP Bankers: Barclays Bank plc Investments: Independent Investment Management Limited Solicitors: Bates, Wells & Braithwaite
Registered Office	Abbeyfield House, 53 Victoria Street, St Albans, Herts, AL1 3UW Tel: 01727 857536 Fax: 01727 846168 Email: post@Abbeyfield.com Website: www.abbeyfield.com Registered Charity 200719 Registered Company 574816 Housing Corporation H1046

The Directors' Report

The Directors have pleasure in presenting their Report for the year ended 30 September 2003.

The main activities of the Society

- 1** Promotion and support of the activities of the member and affiliate societies in their provision of:
 - support, care and companionship for older people who are no longer willing or able to live alone; and
 - development and operation of supported sheltered housing, care homes including those providing dementia and nursing care as well as other services for older people.
- 2** Promotion of public awareness of the aims of the Abbeyfield movement and of the scope for their extension, and of the need for strong support in terms of finance and voluntary service.
- 3** Negotiating for statutory funding to help finance new developments by member and affiliate societies and securing sponsorship to further the work of the movement.
- 4** To raise money from charitable and other sources for new developments by member and affiliate societies. Support for Abbeyfield International Limited (of which the Society is the founder member) in the furtherance of its objective to unite the work of Abbeyfield societies worldwide.
- 5** Representation of the interests of the Abbeyfield movement to government and other agencies.
- 6** Provision of technical, operational and administrative guidance and services to member and affiliate societies.
- 7** Developing the Abbeyfield Standard of quality in all aspects of the movement's activities.
- 8** The creation and development of Abbeyfield UK in England, Abbeyfield UK (NI) Limited in Northern Ireland (and discussions that are continuing in Scotland) has ensured the continuing growth of the Abbeyfield movement. Member societies have chosen to merge with other societies in their home countries to enable greater opportunities to become available to access national funding for developments and to ensure security for their residents. This choice will relieve independent society trustees of the increasingly onerous tasks of compliance with regulations by transferring these to paid professional employees in their daily duties.

The Abbeyfield movement

Abbeyfield is the name given to 529 local voluntary organisations that provide care in housing for over 8,000 older people in the United Kingdom.

The Abbeyfield Society is a company limited by guarantee having no share capital and with solely charitable objectives. It is governed by its Memorandum and Articles of Association, which place the ultimate responsibility for its control in the hands of member societies. The majority of societies are members enjoying the advantages of membership. Each society pays an annual membership or affiliation fee that is determined by the membership at the annual general meeting. Membership fees fund a major proportion of the recurrent national expenditure, the remaining expenditure being funded by donated income or by income earned on investments or bank balances.

The Executive Committee (the Board of Directors of the Abbeyfield Society), supported by its standing committees, sub-committees and working parties, is responsible for the governance of the Society through which it provides leadership, representation and support for the movement. Sixteen councils, elected by the member societies within each region/nation, are responsible for the provision of a range of services and support and maintain regular contact with societies. All members of the Board and its sub-committees and councils are volunteers, receiving no remuneration for their services. Member and affiliate societies share expertise and contribute to the development of policy through their country, regional and area meetings.

The Executive Committee debated during the year the future strategy for The Abbeyfield Society. This debate led to two new organisations being set up as from 1st October 2003;

- Abbeyfield UK
- Abbeyfield UK (NI) Limited.

Abbeyfield UK is a wholly owned subsidiary of The Abbeyfield Society and The Abbeyfield Society is its sole member. It is a charity and company limited by guarantee and was registered by the Housing Corporation on 11th September 2003. Its purpose is to form a central organisation with which individual member societies in England have the choice to merge and it is seen as an organisation which will take forward the development of the Abbeyfield movement, working in partnership with other stakeholders.

Abbeyfield UK (NI) Limited was set up as an independent Industrial Provident Society and is a member of The Abbeyfield Society. It was formed on 1st October 2003 by the merging of 13 out of the 15 societies in Northern Ireland.

Strategic debates are continuing in both Scotland and Wales as to the future shape of the operations in these two countries.

The Directors record their appreciation of our patrons and supporters and some 10,000 Abbeyfield volunteers active throughout the UK. The management of Abbeyfield both nationally and locally is dependent upon the time, effort and skills freely given by its volunteers on whose enthusiasm and dedication the pastoral care of residents and supervision of staff depends.

The Directors also pay tribute to the work of the staff in The Abbeyfield Society office in St Albans and throughout the regions who provide support to the Executive Committee and its standing committees, and technical advice to member societies.

Outcomes from the year

Fundraising and sponsorship

- Fundraising expenditure

Fundraising expenditure totalled £278k which included work to obtain funding for Abbeyfield Society's research, training and advice to member societies and for direct funding of Abbeyfield member society projects throughout the UK. It is estimated that more than 70% of all fundraising expenditure is in direct support of projects carried out at a local level in the Abbeyfield federation.

Notes to the full Accounts show a breakdown of fundraising expenditure covering both the direct activities of The Abbeyfield Society and support for member societies provided throughout the year.

- Income

The fundraising team worked to obtain support from charitable grant-making trusts and foundations, companies, individuals and legacies. In addition, the team has dedicated time and skills towards the Legacy Promotion Campaign which is a partnership of more than 100 charities working together to promote the importance of bequests to charities in the UK.

Fundraised income includes fundraised commitments obtained directly by member societies which do not appear in these accounts.

The total voluntary income raised in the year was £2.5m of which £1m is reflected directly in the Society's accounts including £66k sponsorship of specific projects and activities. £1.5m was obtained directly by Abbeyfield member societies with the support and advice of The Abbeyfield Society's fundraising team.

Legacies, grants and donations are the foundation stones for the development of new Abbeyfield schemes, helping us to improve established Abbeyfield houses to meet the growing needs of frailer residents, for implementing and maintaining quality standards throughout the UK and for The Abbeyfield Society's guidance, support and advice for member societies.

Acknowledgements

On behalf of all the older people who have benefited from the new projects and services completed through the support of so many trusts, companies and individuals, The Abbeyfield Society would like to record its gratitude to everyone who supported the work of the Abbeyfield movement during the year, including all those who gave directly to the Society or to local member societies. In particular the Directors wish to thank:

- The Garfield Weston Foundation
- Henry Smith Charity

- Laing Family Charitable Trusts
- Ellerman Foundation
- Rural Challenge Fund
- Nationwide Building Society
- Lloyds/TSB Foundation for England & Wales
- Barclays plc
- P F Charitable Trust
- The Grand Charity of Freemasons
- The Robertson Trust
- Tudor Trust

as well as many other supporters of projects nationally and locally all round the UK.

The Directors also remember with gratitude all those who left bequests to the Abbeyfield movement.

- Publications

The *Abbeyfield Focus*, first published in December 2001, continues to prove popular with member societies as a useful alerting service and information resource. The *Focus* is published every two months and summarises the legislative and regulatory issues affecting Abbeyfield's work, as well as giving advice on best practice.

The *Abbeyfielder* magazine was re-launched in March 2002 in a full-colour format. Published twice a year, in March and September, its coverage of news and views from the residents, volunteers and staff who make Abbeyfield special has found a wide readership, and the magazine has proved a valuable PR tool.

Accounts

The accounts show that income for the year of The Abbeyfield Society from all sources amounted to £3.8m. The cost of running the Society amounted to £4.0m.

Auditors

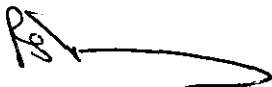
On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company has given its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Directors' responsibility statement

The members of the Executive Committee constituting the Directors of the company for the year are given on page 19. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.



By order of the Board
Paul Townley
Company Secretary
3 February 2004

Independent Auditors' report to the members of The Abbeyfield Society

We have audited the financial statements of The Abbeyfield Society for the year ended 30 September 2003 which comprise the balance sheet, income and expenditure account, the note of historical cost, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and Auditors

As described in the statement of the directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the companies is not disclosed.

We read the directors' report and any other information issued with the financial statements and consider the implications for our report if we become aware of any apparent mis-statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether by fraud or by other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, Schedule 1 of the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Verulam Point
Station Way
St. Albans
Hertfordshire
AL1 5HE

5 February 2004

The Abbeyfield Society

Balance sheet as at 30 September 2003

	Note	Base Funds	Restricted and Designated Funds	Total 2003	Total 2002
		£	£	£	£
Fixed Assets					
Housing Properties	3	-	-	-	-
Other Tangible Assets	4	-	1,296,642	1,296,642	1,351,536
Investments	5	1,605,362	-	1,605,362	1,408,689
Shares in subsidiary undertakings		2	-	2	2
		<u>1,605,364</u>	<u>1,296,642</u>	<u>2,902,006</u>	<u>2,760,227</u>
Current Assets					
Debtors	6	173,016	607,138	780,154	885,354
Cash at Bank		295,899	346,214	642,113	699,857
Investments	8	494,380	8,020,233	8,514,613	9,686,674
		<u>963,295</u>	<u>8,973,585</u>	<u>9,936,880</u>	<u>11,271,885</u>
Current Liabilities					
Donations & Grants		-	(713,826)	(713,826)	(1,320,107)
Loans from Members		-	(587,078)	(587,078)	(818,305)
Other Creditors	9	(488,421)	(5,432)	(493,853)	(551,221)
		<u>(488,421)</u>	<u>(1,306,336)</u>	<u>(1,794,757)</u>	<u>(2,689,633)</u>
Net Current Assets		<u>474,874</u>	<u>7,667,249</u>	<u>8,142,123</u>	<u>8,582,252</u>
Debtors and Creditors					
Debtor amounts falling due after more than 1 year	18	306,951	2,994,507	3,301,458	3,179,234
Creditor amounts falling due after more than 1 year	19	-	(29,500)	(29,500)	(30,500)
Total assets less current liabilities		<u>2,387,189</u>	<u>11,928,898</u>	<u>14,316,087</u>	<u>14,491,213</u>
Capital and Reserves					
Revaluation	10	-	461,708	461,708	471,258
Base Fund		2,387,189	-	2,387,189	2,246,506
Fixed Asset Reserve		-	2,175,000	2,175,000	2,175,000
Restricted & Designated funds:					
National and regional development funds		-	8,478,938	8,478,938	8,380,037
Other restricted funds		-	813,252	813,252	1,218,412
		<u>2,387,189</u>	<u>11,928,898</u>	<u>14,316,087</u>	<u>14,491,213</u>

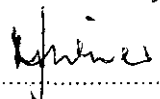
The financial statements on pages 9 to 18 were approved by the board on 3 February 2004 and signed on its behalf by:

R C Kenyon OBE



} Director

M J Milner



} Director

The Abbeyfield Society

Income and expenditure account for the year ended 30 September 2003

	Note	Base Funds	Restricted and Designated Funds	Total 2002/2003	Total 2001/2002
		£	£	£	£
Income					
Membership & Affiliation Fees		1,535,993	-	1,535,993	1,512,742
Rent Receivable		5,884	-	5,884	5,844
Sponsorship		-	3,000	3,000	144,096
Other Income	13	28,082	876,346	904,428	685,524
Total		1,569,959	879,346	2,449,305	2,348,206
Expenditure					
Administrative Operating Costs					
Staff		1,371,662	-	1,371,662	1,339,118
Training Recruitment, travel and temporary staff costs		164,632	-	164,632	81,742
Premises		76,250	-	76,250	84,214
Supplies & Services		35,348	-	35,348	92,310
Professional & audit fees		135,931	-	135,931	112,252
Telephone, postage, printing & stationery		33,283	-	33,283	51,159
Other Office Expenses		44,578	-	44,578	30,458
National meeting & officer expenses		78,729	-	78,729	82,028
Publications (net)		33,929	-	33,929	32,823
Promotional Goods (net)		3,584	-	3,584	16,659
Information & Public Affairs		125,610	-	125,610	111,419
Sponsored Activities		-	119,032	119,032	133,904
Depreciation		70,294	-	70,294	51,979
Regional Operating Costs		218,070	-	218,070	277,641
Abbeyfield International		20,000	-	20,000	20,000
Development Expenditure	14	-	927,961	927,961	608,741
Total	12	2,411,900	1,046,993	3,458,893	3,126,447
Operating Deficit		(841,941)	(167,647)	(1,009,588)	(778,241)
Investment Income	11	348,630	-	348,630	411,382
Profit / (loss) on sale of investments		6,300	-	6,300	(18,018)
Net Operating Deficit		(487,011)	(167,647)	(654,658)	(384,877)
Donated Income including legacies	2.8	561,997	416,561	978,558	1,606,478
Less Grants paid to Member Societies		-	(588,624)	(588,624)	(354,098)
Less interest allocated to other funds		(28,451)	28,451	-	(23,000)
Provision re VAT adjustment		-	-	-	(145,000)
Unrealised gain / (loss) on investments		89,598	-	89,598	(269,879)
Retained surplus / (deficit)		136,133	(311,259)	(175,126)	429,624
Transfer between reserves		4,550	(4,550)	-	-
(Deficit) / surplus for the year		140,683	(315,809)	(175,126)	429,624
Funds at beginning of year		2,246,506	12,244,707	14,491,213	14,061,589
Funds at end of year		2,387,189	11,928,898	14,316,087	14,491,213

No operations have been discontinued or acquired during the year, and the figures above relate entirely to continuing operations

There are no recognised surpluses or deficits, other than those stated above. Accordingly no statement of total recognised surpluses or deficits has been given.

Note of Historical cost for the year ended 30 September 2003

	2003 £	2002 £
(Deficit) / surplus on ordinary activities before taxation	(175,126)	429,624
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the <i>revalued amount</i> .	8,765	8,765
Historical cost (deficit) / surplus for the year retained after taxation	<u>(166,361)</u>	<u>438,389</u>

Cash Flow Statement for the year ended 30 September 2003

	2003		2002	
	£	£	£	£
Net cash (outflow) / inflow from operating activities		(1,462,259)		299,638
Returns on investments:-				
Interest received		348,630		411,382
Capital expenditure and financial investment				
Purchase of other tangible assets	(15,400)		(95,914)	
Sale of other tangible assets	-		-	
Purchase of investments	(570,747)		(859,715)	
Sale of investments	469,971		492,307	
Net cash outflow from capital expenditure and financial investment		(116,176)		(463,322)
Net cash (outflow) / inflow before movement of liquid resources		(1,229,805)		247,698
Management of liquid resources		1,172,061		22,761
(Decrease) / increase in cash for the year		<u>(57,744)</u>		<u>270,459</u>
(a) Reconciliation of retained surplus to net cash flow from operating activities				
Retained (deficit) / surplus for year		(175,126)		429,624
Unrealised (gain) / loss on investments		(89,598)		269,879
less:- investment income		(348,630)		(411,382)
(Deficit) / surplus arising from operating activities		(613,354)		288,121
(Profit) / loss on sale of investments	(6,300)		18,018	
Depreciation of fixed assets	70,294		51,979	
Decrease in stocks	-		30,052	
Increase in debtors	(17,024)		(226,262)	
(Decrease) / increase in amounts allocated to member societies	(606,281)		76,828	
Decrease in loans from member societies	(231,227)		(35,195)	
(Decrease) / increase in other creditors	(58,367)		96,097	
		(848,905)		11,517
Net cash outflow from operating activities		<u>(1,462,259)</u>		<u>299,638</u>
(b) Reconciliation of movements in net funds				
Decrease / (increase) in Cash in the year		(57,744)		270,459
Cash (outflow) / inflow from the (decrease)/ increase in liquid resources		(1,172,061)		(22,761)
Movement in net funds in the year		(1,229,805)		247,698
Net funds at 1 October 2002		10,386,531		10,138,833
Balances as at 30 September 2003		<u>9,156,726</u>		<u>10,386,531</u>
(c) Analysis of net funds				
	Balance as at	Cash flows	Balance as at	
	01/10/02		30/09/03	
Cash	699,857	(57,744)	642,113	
Current investment assets	<u>9,686,674</u>	<u>(1,172,061)</u>	<u>8,514,613</u>	
Net funds	<u>10,386,531</u>	<u>(1,229,805)</u>	<u>9,156,726</u>	

NOTES TO THE ACCOUNTS

for the year ended 30 September 2003

1 General

- 1.1 The Abbeyfield Society is a company limited by guarantee, having no share capital, and with solely charitable objectives. Registered as a company in England No. 574816; Registered as a charity No. 200719; Registered with the Housing Corporation as a social landlord No. H1046.
- 1.2 The Abbeyfield Society is a guarantor member of each member and affiliate Abbeyfield Society and holds one £1 share of each Abbeyfield society registered under the Industrial and Provident Societies Act, 1965. At 30 September 2003 there were 529 such societies (registered in England and Wales, Scotland and Northern Ireland) all of which are independent and these accounts do not contain assets, liabilities or business transactions relating to them other than loans or grants. As the Abbeyfield Society does not have a controlling interest in any of these societies there is no requirement for the preparation of consolidated accounts.
- 1.3 The financial statements have been prepared in accordance with the Accounting Requirements for Registered Social Landlords General Determination 2000, except for the revaluation of investments, which have been valued in accordance with the Charities Statement of Recommended Practice (SORP) issued in October 2000.
- 1.4 The Society has charitable status and, as such, is exempt from corporation tax on the income it has received.

2 Accounting Policies

The accounts have been prepared in accordance with applicable accounting standards including statements of recommended practice in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

2.1 Accounting Basis

The accounts are prepared under the historical cost convention, except for freehold offices and investments which are revalued as reported below.

2.2 Depreciation - tangible assets

Tangible fixed assets are written down to estimated residual values over expected lives and a full year's depreciation is charged in the year of purchase of an asset but no charge is made in the year of disposal.

Rates of depreciation - all straight line:

Freehold office building	2 %
Office equipment	20-33 %
Motor vehicle	25 %
Leasehold Building	over life of lease

2.3 Turnover

Turnover is accounted for on an accruals basis and represents the value of goods and services provided.

2.4 Investments

Investments are stated at market value. Any investment gains and losses are recognised in the income and expenditure account. The Society believes that the more appropriate accounting treatment for investments is to follow the guidance in the Charities SORP rather than the Accounting Requirements for Registered Social Landlords General Determination 2000.

2.5 Classification of Expenses

The staff costs of the Society are analysed by department. All other costs have been categorised by type of expense.

2.6 Pension Costs

The Society operates a defined contribution pension scheme. Amounts paid are accounted for in the year to which they relate.

2.7 Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

2.8 Donated Income including Legacies

Donated income is accounted for on an accruals basis and includes all legacies notified up until the accounts close.

3 Housing Properties

	Total £
Cost or market value:-	
Balance at 1 October 2002	440,300
Additions during year	53,087
	<u>493,387</u>
Balance at 30 September 2003	<u>493,387</u>
less: Social Housing grant	
Balance at 1 October 2002	440,300
Additions during year	53,087
	<u>493,387</u>
Balance at 30 September 2003	<u>493,387</u>
Net book value as at 30 September 2003	-
Net book value as at 30 September 2002	-

4 Other tangible fixed assets

	Freehold office £	Leasehold office £	Office equipment £	Motor vehicle £	Total £
Cost or market value:-					
Balance at 1 October 2002	1,308,872	12,763	356,839	10,468	1,688,942
Additions during year	-	-	15,400	-	15,400
Disposals during the year	-	-	-	(10,468)	(10,468)
Balance at 30 September 2003	<u>1,308,872</u>	<u>12,763</u>	<u>372,239</u>	<u>-</u>	<u>1,693,874</u>
Depreciation:-					
Balance at 1 October 2002	63,333	4,789	258,816	10,468	337,406
Charge for the year	31,245	1,276	37,773	-	70,294
less accumulated depreciation on sold assets	-	-	-	(10,468)	(10,468)
Balance at 30 September 2003	<u>94,578</u>	<u>6,065</u>	<u>296,589</u>	<u>-</u>	<u>397,232</u>
Net book value:-					
As at 30 September 2003	<u>1,214,294</u>	<u>6,698</u>	<u>75,650</u>	<u>-</u>	<u>1,296,642</u>
As at 30 September 2002	<u>1,245,539</u>	<u>7,974</u>	<u>98,023</u>	<u>-</u>	<u>1,351,536</u>

A valuation of the freehold office building was performed by Messrs Freeth Melhuish, Chartered Surveyors who are independent of the Society. The valuation was based on existing use as at 30 September 1999. The historical cost carrying amount is £783,000.

5 Fixed Asset Investments (all UK listed)

	Gilt-Edged Stock £	Convertible Bonds £	Equity Shares £	Total £
Cost:-				
As at 1 October 2002	203,295	473,236	1,059,107	1,735,638
Additions during year	-	167,093	403,654	570,747
Disposals during year	(105,676)	(175,095)	(189,200)	(469,971)
Total investments at cost at 30 September 2003	<u>97,619</u>	<u>465,234</u>	<u>1,273,561</u>	<u>1,836,414</u>
Market values:-				
As at 30 September 2003	<u>103,106</u>	<u>497,167</u>	<u>1,005,089</u>	<u>1,605,362</u>
As at 30 September 2002	<u>208,335</u>	<u>483,623</u>	<u>716,731</u>	<u>1,408,689</u>

6 Debtors and prepayments

	2003 £	2002 £
Membership and affiliation fees	49,141	8,877
Other debtors	30,597	28,021
Loans	607,138	560,453
Legacy accrual	36,000	238,000
Prepayments and accrued income	57,278	50,003
	<u>780,154</u>	<u>885,354</u>

7 Loans to member and affiliate societies

	Development & loan fund £	Regional development funds £	Total £
Loans outstanding at 1 October 2002 (net of general bad debt provision)	2,613,402	817,934	3,431,336
Advanced during the year	1,072,466	87,852	1,160,318
Repaid during the year	(903,155)	(87,354)	(990,509)
Loans outstanding at 30 September 2003, (net of general bad debt provision)	2,782,713	818,432	3,601,145
Loans/grants approved but not paid at 30 September 2003	530,000	-	530,000
Unallocated funds at 30 September 2003	2,284,174	2,063,620	4,347,794
Total funds at 30 September 2003	5,596,887	2,882,052	8,478,939
Amounts falling due:-		2003 £	2002 £
Within one year		607,138	560,453
After one year		2,994,007	2,870,883
		3,601,145	3,431,336

These loans are unsecured and interest is charged in the range of 0% - 10% per annum.
The loans from member and affiliate societies in the general fund are interest free repayable on demand and loans in the regional development funds are interest bearing and repayable on demand.

8 Current assets investments

	2003 £	2002 £
National Savings bonds held on behalf of North East & Yorkshire region	207,175	207,175
Short term deposits	8,307,438	9,479,499
	8,514,613	9,686,674

9 Other creditors

	2003 £	2002 £
Amounts falling due within one year:-		
Taxation and social security costs	24,582	33,414
Sundry creditors	462,816	458,671
Accruals and deferred income	6,455	59,136
	493,853	551,221

10 Capital and reserves

	Balance as at 01/10/2002 £	Net movement in year £	Balance as at 30/09/2003 £
10.1 Fixed assets reserve: This reserve relates to the value of the Society's fixed assets and investment portfolio.	2,175,000	0	2,175,000
10.2 National development & loan fund: Established to assist member and affiliate societies with the capital costs of new houses and to help with the costs of improvements to established houses, especially where government grants are not available, or are insufficient.	5,572,639	24,247	5,596,886
10.3 Regional development funds: Administered by the Regions concerned which give grants and loans to member and affiliate societies in their regions for similar purposes to those of the development & loan fund.	2,807,398	74,654	2,882,052
10.4 Sponsorship: This restricted fund represents income which may only be expended on specific projects as agreed with individual corporate supporters.	181,187	(69,438)	111,749
10.5 Other restricted funds These restricted reserves represent donations received in respect for specific Integrated care projects.	275,278	(250,001)	25,277
10.6 Standards Reserve This reserve represents funds set aside to assist in the implementation of common standards across Abbeyfield's member societies.	741,947	(90,721)	651,226
10.7 Revaluation reserve This represents the unrealised surplus arising from the difference between market value and cost of the freehold offices and investment portfolio.	471,258	(9,550)	461,708
10.8 Maintenance reserve: This designated fund has been established to meet future major maintenance costs which may be incurred on the Society's freehold offices.	20,000	5,000	25,000
	12,244,707	(315,809)	11,928,898

11 Investment income:		2003 £	2002 £
Dividends on convertible bonds	} (all UK listed)	30,938	29,556
Dividends on equity shares		32,997	30,205
Interest on gilt-edged stocks		9,750	16,715
Interest on bank and other short term deposits:-			
held for national Society		246,494	311,906
held for regional development funds		28,451	23,000
		<u>348,630</u>	<u>411,382</u>

12 General administrative operating costs		2003 £	2002 £
Staff payroll costs (Note 15)			
Management & Administration		514,788	505,941
Housing Service & Project Development		279,316	213,861
Fundraising & Marketing		290,089	349,620
Regional Secretaries		287,469	269,696
		<u>1,371,662</u>	<u>1,339,118</u>
Training, recruitment, travel and temporary staff costs		164,632	81,742
Premises		76,250	84,215
Supplies and services		35,348	92,310
Professional & audit fees		135,931	112,252
Telephone, postage, printing & stationery		33,283	51,159
Other office expenses		44,578	30,458
National meeting & officers expenses		78,729	82,028
Publications (net cost)		33,929	32,823
Promotional goods		3,584	16,659
Information & public affairs activities		125,610	111,419
Expenditure in respect of sponsored activities		119,032	133,904
Depreciation		70,294	51,979
		<u>2,292,862</u>	<u>2,220,066</u>
Regional operating costs (including Scotland)		218,070	277,640
Contribution to Abbeyfield International		20,000	20,000
Development expenditure (including regions)		927,961	608,741
		<u>3,458,893</u>	<u>3,126,447</u>

12.1 Payroll costs of the chief executive and his personal assistant have been charged to the Management & Administration department as part of general overhead.

12.2 Administrative operating costs shown in note 12 include the following items:-	2003 £	2002 £
Auditors' remuneration: in their capacity as auditors	19,750	17,750
for other services	28,900	16,300
Depreciation	<u>60,743</u>	<u>51,979</u>

13 Other income	2003 £	2002 £
Income from regional conferences	12,788	27,542
Sundry income	15,294	7,982
Earmarked trust income re Integrated care projects	876,346	650,000
	<u>904,428</u>	<u>685,524</u>

14 Development expenditure	2003 £	2002 £
Transfer of earmarked trust income to Integrated care projects	150,565	550,000
Other project expenditure	777,396	58,741
	<u>927,961</u>	<u>608,741</u>

15 Directors and employees	2003 Number	2002 Number
The average number of persons employed by the Society during the year was:-		
Directors - unpaid	20	22
Staff - full time	37	35
Staff - part time	23	23

Staff payroll costs:

	National Office 2003 £	Regional Secretaries 2003 £	National Office 2002 £	Regional Secretaries 2002 £
Salaries	931,642	252,951	933,433	234,616
Social security costs	92,969	21,145	88,559	18,614
Other pension costs	42,905	13,302	40,394	12,936
Medical insurance	11,229	5,519	7,036	3,530
	<u>1,078,745</u>	<u>292,917</u>	<u>1,069,422</u>	<u>269,696</u>

Directors' emoluments

The SORP for Registered Landlords defines Directors as the members of the National Executive Committee and the Chief Executive.

The remuneration paid to the directors of the Society was:-

	2003 £	2002 £
Chief Executive's salary	73,667	69,789
Chief Executive's pension contributions	4,420	12,758
	<u>78,087</u>	<u>82,547</u>

The number of directors who received emoluments (excluding

pension contributions) in the following ranges was:-

	2003 Number	2002 Number
Nil (including Chairman)	20	22
£75,001 - £80,000	1	1

	2003 £	2002 £
Expenses reimbursed to directors not chargeable to United Kingdom taxation	-	-

Pension scheme:

The Society operates a UK-based defined contribution pension scheme for employees of the Society which is also available for those employed by member and affiliate societies.

The assets of the scheme are held separately from those of the Society. The Society's pension costs for the year amounted to £56,207 (2001/2002 £53,330). No contributions had been prepaid at 30 September 2003. Only one director (the Chief Executive) was a member of the pension scheme during the current and previous years. Total employers pension contributions amounted to £4,420 (2001/2002 £12,758).

16 Lease commitments

At 30 September 2003 the Society had no annual commitments under non-cancellable operating leases.

17 Capital commitments

The society had contractually committed redevelopment costs in relation to social housing grant funded property purchased in the year to the value of £698,335 (2002-£70,800)

18 Long term Debtors

	2003 £	2002 £
Membership and affiliation fees	6,951	8,351
Other debtors	300,000	300,000
Loans	2,994,507	2,870,883
	<u>3,301,458</u>	<u>3,179,234</u>

19 Long Term Creditor

This represents loans received from member societies in respect of the refurbishment of Abbeyfield House.

20 Corporate Supporters

The main activities supported are listed below.

Corporate Supporter	Activity	Balance 01/10/2002 £	Received in year £	Expended in year £	Balance 30/09/2003 £
Barclays	Abbeyfield Week	2,479	-	-	2,479
British Telecom	Training	3,000	-	-	3,000
Dept of Health	Quality Initiative	27,821	-	-	27,821
Community Fund	Volunteers' management skills	6,641	-	-	6,641
Rank Foundation	Matrons/Managers workshop	33,140	-	-	33,140
Grand Charity of Freemasons	Abbeyfield Standard	29,311	-	(28,311)	1,000
The John Ellerman Foundation	Project development	29,248	-	(29,248)	-
The Rank Foundation	Administration development	15,000	-	(15,000)	-
Other sponsors	Various	34,547	3,000	121	37,668
		<u>181,187</u>	<u>3,000</u>	<u>(72,438)</u>	<u>111,749</u>

21 Fundraising expenditure

	£
Staff costs	173,593
Staff training & travel	4,244
Establishment	3,067
Legacy marketing	12,482
Direct marketing	70,962
Trust/company/ICP/fundraising	2,057
Capital advice/long-term advice	11,422
Website/PR for fundraising	217
	<u>278,044</u>

Members of the Executive Committee constituting the Directors of the Company for the year ended 30 September 2003 were as follows:

Chairman	R C Kenyon OBE
Deputy Chairman	Mrs J Acton
National Treasurer	M J Milner

Chairs, Standing Committees	R C Kenyon OBE	(Policy & Resources Committee)
	M J Staff	(Finance & Administration)
	B K Hutchinson MBA	(Housing Services & Regions)
	N Lowe	(Fundraising & Marketing Committee)

Members

Scotland	J McLaren
Northern Ireland	T Johnston
Wales North	Mrs F Howell Williams
Wales South	J P Jones LL M
Devon & Cornwall	E R Distin
Eastern	C S Johnson (to June 2003)
	M S Dunne (from June 2003)
Greater London	Mrs S M Sainsbury (to June 2003)
	Mr E Draper (from June 2003)
Lancashire & Cumbria	T Meredith
Midlands East	S J Liddicot
Midlands West	Mrs J Acton
North East	A Vickers (to July 2003)
North West	Mrs D Howel, RGN SCM RCNT (to November 2002)
	Mr G Milburn (from November 2002)
South East	M J Staff
Southern	M Mitchell
Thames North	Mrs M Lovatt
Western	J Down
Yorkshire	P Woodhead (to July 2003)
North East & Yorkshire	A Vickers (from July 2003)