

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

SOCIETY INFORMATION

HOMES AND COMMUNITIES AGENCY REGISTRATION NUMBER

LH2186

REGISTERED SOCIETY NUMBER 13405R

MEMBERS OF THE BOARD

Timothy Wye (Chairperson)
Neil Allan
Christopher Denman (appointed 28 May 2019)
Jo Gray (appointed 19 February 2019)
Janet Lynch
Melanie Mackintosh
Geralyn Meehan (appointed 19 November 2019)
Jerry Oliver
Chris Szpojnarowicz (appointed 19 February 2019)
Michael Tuckwell (Treasurer)

COMPANY SECRETARY

Karen Parkin

REGISTERED OFFICE

Avenue House
5 Cotham Park North
Bristol
BS6 6BH

INDEPENDENT AUDITORS

Haines Watts Bristol Limited
Chartered Accountants & Statutory Auditors
Bath House
6-8 Bath Street
Bristol
BS1 6HL

BANKERS

NatWest Bank Plc
32 Corn Street
Bristol
BS99 7UG

Co-operative Bank Plc
1 Balloon Street
Manchester
M60 5AS

Triodos Bank
Deanery Road
Bristol
BS1 5AS

Manchester Building Society
125 Portland Street
Manchester
M1 4QD

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BANKERS (CONTINUED)

Nationwide Business Savings Team
Nationwide Building Society
Kings Park Road
Northampton
NN3 6NW

Shawbrook Bank
Lutea House, Warley Hill Business Park
The Drive, Great Warley
Brentwood
Essex
CM13 3BE

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

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WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board present its report and the audited financial statements for the year ended 31 December 2019.

Board responsibilities

The Board is responsible for preparing the Board report and the audited financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation requires the Board to prepare audited financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the of the Society for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the audited financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Society is the provision of accommodation and support services for older and/or disabled people in need of residential care and housing.

The Society has three houses - Avenue House is a care home for 30 residents, Kirwin House provides low level supported housing for 10 tenants, and Lansdowne House provides independent living accommodation for 8 tenants.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Constitution, objects and policies

The object of the Society is to carry on for the benefit of the community, the business of providing housing and associated facilities and assistance for elderly and/or disabled persons in necessitous circumstances, who may or may not belong to the Society of Friends. The Society does not trade for profit.

The Society is governed by a Board which shall consist of between five and twelve Board members, of whom a third, and preferably half, shall be members of the Society of Friends. Currently the Board has ten members of whom three are Quakers. This includes a tenants' representative, a residents' representative and a member nominated by Quakers at Bristol Area Quakers Meeting. Members of the Board are listed on the Society Information page.

An honorarium is paid to the chair who is appointed for four years.

It should be noted that under the Co-operative and Community Benefit Societies Act 2014 we are now defined as a 'Registered Society' and should no longer be referred to as an Industrial and Provident Society. We remain an 'exempt charity' which means that we are not regulated by the Charity Commission but we still need to comply with charity law and guidance.

We made a concerted effort in 2019 to increase our board membership from 6 to 10. Our current Board members have a considerable range of skills, qualities and experience. We will be looking to expand our Board member base and are particularly interested in recruiting a member with a building development or architecture background.

Board minutes (excepting any confidential staff issues) are made publicly available.

Review of results and future activities

Avenue House has continued to provide a warm and friendly environment and very high standard of care. We have not had a Care Quality Commission inspection since 14th November 2017 but that found that the service provided was good in every respect – safe, effective, caring, responsive and well-led.

The Board has instigated a programme whereby Board members carry out visits to the home and assess services under the CQC domains (relating to Regulation 17). The regulation is relevant to Good Governance and Auditing of practice.

Kirwin and Lansdowne Houses remain popular and have high levels of occupancy with waiting lists.

Avenue house continues to be popular with vacancies being filled quickly but the end of 2019 saw quite a few of our longstanding residents unfortunately pass away.

Maintaining such a high standard of care takes a lot of hard work and the willingness to go that extra mile. The Board wants to thank Caroline Cooper, the Manager, and all the staff at Avenue House for their dedication and commitment.

The strength of our care team is underlined by the fact that we have very good retention rates and have little problem in recruiting staff. This is unusual in the Care Industry. Skills for Care estimate that there are currently 8% vacancies in adult social care jobs.

Capital Development

Following our decision in 2018 not to proceed with assisted living flats the board focussed on improving existing facilities. Following consultation with residents on several ideas the board is pursuing developing a new conservatory and entrance at the front of Avenue house. This will give us a better presence in the community as well as providing a light pleasant area for residents all year round.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Repairs and Improvements

We have now completed our programme of repairs to en suites in Avenue House.

£14k of repairs required to all three properties were also identified in 2018. These were budgeted for in 2019. All three houses are old and whilst these repairs were being carried out additional works were identified. Whilst scaffolding was up we took the decision to complete all identified. This decision was taken due to our high capital reserves. This should be the only major maintenance required for quite a few years

Service Developments

The buildings are only part of what makes a great care home. Probably more important is the staff and how we support and train them. We continually keep this under review but there are five areas we would particularly highlight.

- All staff are now paid the Real Living Wage (the minimum recommended by the Living Wage Foundation, higher than statutory National Living Wage).
- We are currently looking at benefits that would aid staff retention and recruitment and will be implementing these during 2020.
- We were also successful in becoming accredited against the Gold Standards Framework for care of the dying. We are proud of the support we give to people at the end of their lives and getting this accreditation has validated all the hard effort.
- Our activities continue to develop and we are currently in partnership with the local nursery who bring children to Avenue House once a week for an intergenerational session.
- We are currently consulting with Kirwin house to stop referring to it as supported housing as tenants are actually independent and the label support suggests more than we are practically able to offer. This has been largely well received.

Reserves policy

It is the policy of the Society to retain a level of reserves sufficient to cover management, administration and support costs for 12 months. We consider the available reserves to be the accumulated reserves less tangible fixed assets which are considered to be functional fixed assets and therefore essential for the delivery of our service.

We keep this policy under periodic review.

This report identifies that we still have a significant surplus above reserves. The building and improvement works above will use a sizeable proportion of these reserves.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Value for money metrics

In response to the Regulator of Social Housing Technical note of April 2018 the Society now reports on the Value for Money metrics. There are 7 metrics covered by this technical note.

It is worth noting that these metrics are aimed at housing associations whose main business is development of housing stock. WEFHS manages its stock of flats in a mainly historic way. The Society owns the housing stock outright and has no plans to expand this side of the business, develop new housing or seek loans to do so.

Metric 1 – Reinvestment %

This metric looks at the investment in properties (existing stock as well as New Supply) as a percentage of the value of total properties held.

The Society metric for reinvestment is 5.6%.

Metric 2 – New supply delivered %

The new supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

No new supply has been delivered in the year of either social housing or non-social housing.

Metric 3 – Gearing %

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

The gearing of the Society is negative at -76.3%.

Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity.

The Society has no borrowings and pays no interest.

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator.

The headline social housing cost per unit is £23,459

Metric 6 – Operating Margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.

The operating margin of the Society for its social housing lettings is 1.8%.

The operating margin of the Society as a whole is 2.4%.

Metric 7 – Return on capital employed (ROCE) %

This metric compares the operating surplus to total assets less current liabilities.

For the Society as a whole this is 0.7%.

**BOARDS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Major risks

The Board has considered the risks to which the Society might be exposed, and have considered any actions to be taken to protect the Society's assets. Of particular relevance this year is the risks posed by Brexit. We have carried out a risk assessment on this. There are some risks (eg provision of medication) where we are not the responsible party. The main area of risk in the Care Sector is a reliance on EU staff. Avenue house has a low reliance on EU residents in its staffing structure.

Staffing remains a problem for all organisation. We currently have on average one vacancy. In 2019 we have been looking at other ways to recruit (different advertising sites; a 'refer a friend' bonus for staff; reviewing terms and conditions) Some of these have been successful but we still need to look at creative recruitment.

The Board is acutely aware that Covid 19 presents a significant risk both to our residents and the business of WEFHS itself (mostly regarding the care home, Avenue House). The Board took the decision early to lock down the home and set allow no visitors except for essential healthcare and maintenance staff. Up till the current date (5th May 2020) we have had no Covid cases amongst either the staff or residents.

The Board is also meeting on line weekly to closely monitor the situation and has taken several decisions to manage the risk. For example, we have taken no new admissions to the home and are currently down to 25 out of 30 vacancies (there have been recent deaths, unrelated to Covid). We have also paid staff a 10 % bonus in April and May to both support staff and encourage them to continue to come to work, provide cover an to provide some compensation for the additional risk at this time.

We are closely monitoring the situation both in terms of resident and financial risk and have carried out some modelling based on increased costs and reduced income to ensure that our contingencies can cope with this difficult situation and to identify to us when specific actions need to be taken (for example, at what point occupancy falls to a position where we have to take in new residents). The weekly meetings allow us to monitor the situation to manage risk in the light of changes such as the recently announced testing regime that will reduce the risk of new admissions once fully established. The Board regularly reviews it contingency budget and the last time we did this in November 2019, we kept it at a generous 12 months operating costs.

Given the risk management measures we have put in place and our large contingency, West of England Friends Housing Society Limited is in a good position to meet the challenges of Covid 19.

Investments

Investments held are regularly reviewed by the Board as to value and performance. Interest rates are generally very low, so we have given priority to maximising the guarantee provided by banks and building societies to ensure the safety of our investments.

Public benefit

In setting and reviewing our aims the Board has given careful consideration to the Charity Commission's guidance on public benefit.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**BOARDS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

T Wye
Chairperson

Date:

Avenue House
5 Cotham Park North
Bristol
BS6 6BH

Michael Tuckwell
Treasurer

Date:

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

OPINION

We have audited the financial statements of West of England Friends Housing Society Limited (the 'Society') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity, Statement of Cash Flows and 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2019 and of its incomes 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2019.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Society's ability to continue as a going concern. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the Society's trade, customers, suppliers and wider economy. The Board's view on the impact of COVID-19 is disclosed on page 15.

OTHER INFORMATION

The members are responsible for the other information. The other information comprises the information included in the Board's Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED (CONTINUED)

knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirement of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

RESPONSIBILITIES OF THE BOARD

As explained more fully in the Board's Responsibilities set out within the Board's Report, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED (CONTINUED)

USE OF OUR REPORT

This report is made solely to the Society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Geoffrey Speirs BSc FCA (Senior Statutory Auditor)

for and on behalf of

Haines Watts Bristol Limited

Chartered Accountants

Statutory Auditors

Bath House

6-8 Bath Street

Bristol

BS1 6HL

Date:

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover		1,055,181	1,027,034
Cost of sales		(861,493)	(724,615)
GROSS PROFIT		<u>193,688</u>	<u>302,419</u>
Administrative expenditure		(172,292)	(170,441)
Other operating income	9	3,544	3,779
OPERATING PROFIT	10	<u>24,940</u>	<u>135,757</u>
Interest receivable and similar income	11	5,272	4,888
PROFIT BEFORE TAX		<u>30,212</u>	<u>140,645</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>30,212</u></u>	<u><u>140,645</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income (including income and expenditure account).

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 15 to 26 form part of these financial statements.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED
REGISTERED NUMBER:13405R

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	2,126,545	2,034,292
		<u>2,126,545</u>	<u>2,034,292</u>
CURRENT ASSETS			
Stocks		2,651	2,151
Debtors: amounts falling due within one year	15	22,160	18,808
Cash at bank and in hand		1,623,081	1,653,041
		<u>1,647,892</u>	<u>1,674,000</u>
Creditors: amounts falling due within one year	17	(129,171)	(90,497)
NET CURRENT ASSETS		1,518,721	1,583,503
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,645,266</u>	<u>3,617,795</u>
Creditors: amounts falling due after more than one year	18	(84,105)	(86,850)
NET ASSETS		<u>3,561,161</u>	<u>3,530,945</u>
CAPITAL AND RESERVES			
Called up share capital	20	62	58
Revenue reserve		3,561,099	3,530,887
		<u>3,561,161</u>	<u>3,530,945</u>

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED
REGISTERED NUMBER:13405R

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

T Wye
Chairperson

M Tuckwell
Board member

K Parkin
Secretary

Date:

The notes on pages 15 to 26 form part of these financial statements.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Income and expenditure account	Total reserves
	£	£	£
At 1 January 2018	59	3,390,242	3,390,301
Surplus for the year	-	140,645	140,645
Total comprehensive income	-	-	-
Total comprehensive income	-	140,645	140,645
Shares redeemed during the year	(1)	-	(1)
TOTAL TRANSACTIONS WITH OWNERS	(1)	-	(1)
At 1 January 2019	58	3,530,887	3,530,945
COMPREHENSIVE INCOME FOR THE YEAR			
Surplus for the year	-	30,212	30,212
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	30,212	30,212
Shares issued during the year	5	-	5
Shares redeemed during the year	(1)	-	(1)
TOTAL TRANSACTIONS WITH OWNERS	4	-	4
AT 31 DECEMBER 2019	62	3,561,099	3,561,161

The notes on pages 15 to 26 form part of these financial statements.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	30,212	140,645
ADJUSTMENTS FOR:		
Depreciation of tangible assets	27,767	23,455
Interest received	(5,272)	(4,888)
(Increase)/decrease in stocks	(500)	13
(Increase)/decrease in debtors	(3,352)	8,903
Increase/(decrease) in creditors	35,929	(19,926)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>84,784</u>	<u>148,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(120,020)	(63,432)
Interest received	5,272	4,888
NET CASH FROM INVESTING ACTIVITIES	<u>(114,748)</u>	<u>(58,544)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	5	-
Redemption of ordinary shares	(1)	(1)
Repayment of other loans	-	(3,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>4</u>	<u>(3,001)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(29,960)</u>	<u>86,657</u>
Cash and cash equivalents at beginning of year	1,653,041	1,566,384
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>1,623,081</u></u>	<u><u>1,653,041</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	1,623,081	1,653,041
	<u><u>1,623,081</u></u>	<u><u>1,653,041</u></u>

The notes on pages 15 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. GENERAL INFORMATION

West of England Friends Housing Society Limited is an exempt charity registered in England and Wales and is a private registered provider (RP) of social housing in the United Kingdom. The address of the registered office is Avenue House, 5 Cotham Park North, Bristol, BS6 6BH. The nature of the RP's operations and principal activities are detailed in the Board Report.

West of England Friends Housing Society Limited constitutes a public benefit entity as defined by FRS 102.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the Society.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.2 GOING CONCERN

The Board assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the society to continue as a going concern. The Board make this assessment in respect of a period of one year from the date of approval of the financial statements.

The Board continue to monitor the impact that Covid-19 is having on operations and are taking actions to minimise their effect on the long-term reserves of the charity. Under all the scenarios reviewed, the Society has sufficient reserves to enable it to continue as a going concern for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

2.3 TURNOVER

Turnover represents rental and services income receivable.

2.4 INVESTMENT INCOME

Investment income is included in the accounts when receivable.

2.5 DONATION AND LEGACY INCOME

Donation income is included in the accounts when received.

Legacy income is recognised in the accounts when there is an entitlement to receive it, where the value is measurable and where it is probable that the income will be received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.6 SOCIAL HOUSING AND OTHER GRANTS

Social Housing grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the valuation model then the government grant is accounted for using the performance model so that turnover is taken once the performance conditions have been met. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

2.7 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Society separately identified the major components which comprise its housing properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Society depreciates the major components of its housing properties on a straight line basis over the following periods:

Nurse call system	10 years
Windows	40 years
Lift refurbishment	10 years
Roof works and flat upgrades	20 years
Avenue House en-suites	15 years

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance or straight line basis, as deemed appropriate.

Depreciation is provided on the following basis:

Housing properties	- no depreciation
Fixtures and fittings	- 25% per annum on a reducing balance basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 STOCKS

Stocks of provisions and cleaning materials are stated at the lower of cost and net realisable value.

2.9 CYCLICAL REPAIRS AND MAINTENANCE

The Society does not provide for liabilities that are not contracted at the year end. Consequently, cyclical repairs and maintenance costs incurred are charged to the income and expenditure account when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Society's cash management.

2.11 FINANCIAL INSTRUMENTS

The Society only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Society would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES (continued)

2.12 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Society operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. Once the contributions have been paid the Society has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Society in independently administered funds.

2.13 HOLIDAY PAY ACCRUAL

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

2.14 TAXATION

The Society is an exempt charity that has charitable objectives and is recognised as a charity for taxation purposes.

2.15 VALUE ADDED TAX

The activities of the Society are exempt from VAT. Expenditure is shown gross of VAT in the financial statements.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these accounts the Board are required to make judgements and estimates as follows:

- Estimated useful life of fixtures and fittings and components. At the date of capitalisation the Board estimates the useful life of the asset based on judgement and experience
- The components of housing properties and the splitting of properties into appropriate components

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. SOCIAL HOUSING TURNOVER AND COSTS (2019)

	Residential Care (Avenue House)	Supported Accom. (Kirwin House)	Independent Living (Lansdowne House)	Total
	£	£	£	£
Gross rent	1,025,382	48,972	30,811	1,105,165
Service charges	-	10,040	9,220	19,260
Voids	(116,003)	(807)	-	(116,810)
Other income from residents	44,821	-	-	44,821
Net rent receivable	954,200	58,205	40,031	1,052,436
Amortised government grants	1,138	199	1,408	2,745
Turnover	955,338	58,404	41,439	1,055,181
Cost of sales (note 6)	(759,071)	(68,793)	(33,628)	(861,492)
Administrative expenditure (note 6)	(145,401)	(16,819)	(10,072)	(172,292)
Other operating income (note 9)	3,544	-	-	3,544
Net surplus	54,410	(27,208)	(2,261)	24,941

SOCIAL HOUSING TURNOVER AND COSTS (2018)

	Residential Care (Avenue House)	Supported Accom. (Kirwin House)	Independent Living (Lansdowne House)	Total
	£	£	£	£
Gross rent	1,000,662	47,484	31,086	1,079,232
Service charges	-	9,492	8,949	18,441
Voids	(122,506)	(1,670)	-	(124,176)
Other income from residents	50,792	-	-	50,792
Net rent receivable	928,948	55,306	40,035	1,024,289
Amortised government grants	1,138	199	1,408	2,745
Turnover	930,086	55,505	41,443	1,027,034
Cost of sales (note 6)	(687,321)	(27,685)	(9,609)	(724,615)
Administrative expenditure (note 6)	(140,365)	(19,114)	(10,962)	(170,441)
Other operating income (note 9)	3,779	-	-	3,779
Net surplus	106,179	8,706	20,872	135,757

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. ACCOMMODATION UNITS

The Society owned the following bed spaces available for occupation and in development:

	2019	2018
	No	No
Residential care	30	30
Sheltered units	10	10
Independent living	8	8
	<u>48</u>	<u>48</u>
	<u><u>48</u></u>	<u><u>48</u></u>

6. OPERATING EXPENDITURE

	2019	2018
	£	£
Cost of Sales		
Property management	682,316	665,812
Repairs and maintenance	151,409	35,348
Depreciation	27,767	23,455
	<u>861,492</u>	<u>724,615</u>
	<u><u>861,492</u></u>	<u><u>724,615</u></u>
Administrative expenditure	172,292	170,441
	<u>172,292</u>	<u>170,441</u>
	<u><u>172,292</u></u>	<u><u>170,441</u></u>

7. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration for key management personnel amounted to £58,372 (2018 - £55,190).

8. STAFF COSTS

The average number of employees, including members of the executive team, calculated on a full time equivalent basis, assuming a 40 hour working week, was 23 employees (2018 - 25).

The average headcount was 32 (2018: 32).

There are no employees who received more than £60,000 as their employment package.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. OTHER OPERATING INCOME

	2019	2018
	£	£
Amenities fund donations	3,544	3,779

10. OPERATING SURPLUS

The operating surplus is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	27,767	23,455
Defined pension costs	10,765	7,457
Fees payable to the Society's auditor and its associates for the audit of the Society's annual financial statements	9,535	8,634

11. INTEREST RECEIVABLE AND OTHER INCOME

	2019	2018
	£	£
Interest receivable	5,272	4,888

12. TAXATION

The Society is an "exempt" charity as described in note 24 and as such is normally exempt from income and capital taxes on its income and surpluses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Components £	Total £
COST OR VALUATION				
At 1 January 2019	1,725,731	129,522	307,117	2,162,370
Additions	-	5,288	114,732	120,020
At 31 December 2019	1,725,731	134,810	421,849	2,282,390
DEPRECIATION				
At 1 January 2019	-	95,479	32,599	128,078
Charge for the year on owned assets	-	8,951	18,816	27,767
At 31 December 2019	-	104,430	51,415	155,845
NET BOOK VALUE				
At 31 December 2019	1,725,731	30,380	370,434	2,126,545
At 31 December 2018	1,725,731	34,043	274,518	2,034,292

14. COMPONENTS

	Windows Kirwin / Lansdowne £	Lift refurb £	Kirwin roof and flat upgrades £	Nurse call system £	Avenue House en-suites £	TOTAL £
COST						
1 January 2019	147,369	15,121	73,424	10,747	60,456	307,117
Additions	-	-	5,832	-	108,900	114,732
	147,369	15,121	79,256	10,747	169,356	421,849
DEPRECIATION						
1 January 2019	11,973	4,662	10,900	3,315	1,749	32,599
Charge for year	3,684	1,512	3,958	1,075	8,587	18,816
	15,657	6,174	14,858	4,390	10,336	51,415
NET BOOK VALUE						
At 31 December 2019	131,712	8,947	64,398	6,357	159,020	370,434
At 31 December 2018	135,396	10,459	62,524	7,432	58,707	274,518

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**15. DEBTORS**

	2019	2018
	£	£
Trade debtors	7,256	4,344
Prepayments and accrued income	14,904	14,464
	<u>22,160</u>	<u>18,808</u>

16. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash at bank and in hand	630,961	666,074
Current asset investments	992,120	986,967
	<u>1,623,081</u>	<u>1,653,041</u>

Current asset investments represent cash held on account with the Cooperative Bank £85,836 (2018: £85,810), Triodos £483,999 (2018: £481,837), Manchester Building Society £76,547 (2018: £76,166), Nationwide Building Society £85,941 (2018: £85,427), Shawbrook CAF account £259,797 (2018: £257,727).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	45,434	13,220
Other creditors	11,587	12,930
Accruals and deferred income	26,388	26,564
Deposits received	40,733	34,381
Other loans	2,000	2,000
Rent received in advance	3,029	1,402
	<u>129,171</u>	<u>90,497</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Social Housing and other grants	84,105	86,850
	<u>84,105</u>	<u>86,850</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
19. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	1,623,081	-
Financial assets that are debt instruments measured at amortised cost	1,630,337	1,657,385
	<u>3,253,418</u>	<u>1,657,385</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(169,514)	(141,564)
	<u>(169,514)</u>	<u>(141,564)</u>

Financial assets that are debt instruments measured at amortised cost comprise arrears of rent and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise loans, trade creditors, other creditors, accruals and social housing and other grants.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

20. SHARE CAPITAL

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
62 (2018: 58) Ordinary shares of £1.00 each	62	58

The shareholders have no equity interest in the Society and have no rights to receive dividends or a distribution on the winding up of the Society.

During the year one share was sold back to the Society at par value.

During the year, four ordinary shares of £1 each were allotted, for which a total consideration of £4 was received.

21. CONTINGENT LIABILITIES

As at 31 December 2019, a contingent liability of £53,112 (2018 - £50,367) exists in respect of amortisation charged to date against social housing and other grants.

22. PENSION COMMITMENTS

The Society operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. Contributions totalling £103 (2018 - £1,464) were payable to the fund at the reporting date and are included in creditors.

23. RELATED PARTY TRANSACTIONS

In 2019 a member of the Board received £5,473 (2018 - £1,750) for their duties. No other member of the Board of Management undertook any paid management duties.

At the date of these financial statements two Board members were a tenant/resident in an associated property. All transactions were conducted at third party rates. The value of the rent paid by the tenant/resident Board members who served in the year totalled £39,864 (2018 - £41,568).

24. LEGISLATIVE PROVISIONS

The Society is governed by the Cooperative and Community Benefit Societies Act 2014.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

25. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Avenue House £	Kirwin House £	Lansdowne House £	2019 Total £	2018 Total £
INCOME					
Rent and other income	954,200	58,205	40,031	1,052,436	1,024,289
Amortised government grants	1,138	199	1,408	2,745	2,745
	<u>955,338</u>	<u>58,404</u>	<u>41,439</u>	<u>1,055,181</u>	<u>1,027,034</u>
MANAGEMENT EXPENSES					
Provisions	47,218	-	-	47,218	46,718
Council tax and water	8,283	396	-	8,679	10,787
Lighting and heating	26,960	5,373	1,402	33,735	30,696
Insurance	21,331	-	-	21,331	19,664
Telephone	5,542	-	-	5,542	3,659
Salaries and wages	508,328	10,014	6,145	524,487	503,643
General expenses	37,169	2,353	1,802	41,324	50,645
Depreciation					
- furniture and equipment	7,635	525	791	8,951	11,764
- components	11,174	5,800	1,842	18,816	11,691
	<u>673,640</u>	<u>24,461</u>	<u>11,982</u>	<u>710,083</u>	<u>689,267</u>
REPAIRS AND MAINTENANCE					
Special repairs	-	-	-	-	4,203
Day to day repairs	85,431	44,332	21,646	151,409	31,145
	<u>85,431</u>	<u>44,332</u>	<u>21,646</u>	<u>151,409</u>	<u>35,348</u>
ADMINISTRATIVE COSTS					
Salaries and wages	91,429	6,264	1,615	99,308	99,247
Accountancy fees	20,750	6,857	5,488	33,095	29,691
Professional fees	6,398	772	617	7,787	9,218
Audit fees	5,960	1,986	1,589	9,535	8,633
Registration fee	5,252	-	-	5,252	5,015
Staff recruitment and training	4,198	-	-	4,198	3,110
Bank charges	656	195	156	1,007	996
Sundry admin costs	9,166	745	607	10,518	13,801
Staff entertainment	1,592	-	-	1,592	730
	<u>145,401</u>	<u>16,819</u>	<u>10,072</u>	<u>172,292</u>	<u>170,441</u>