

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

DRAFT

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
Jo Gray
Janet Lynch (resigned 31 May 2020)
Melanie Mackintosh
Geraldyn Meehan
Jerry Oliver
Chris Szpojnarowicz
Rosemary Mills (appointed 24 November 2020)
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

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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 2020

The Board present its report and the audited financial statements for the year ended 31 December 2020.

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 for the Society's financial statements 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 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 registered care home for 30 residents, Kirwin House provides low level supported housing for 10 tenants (no personal care), 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 2020

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.

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

**BOARDS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Review of results and future activities

Despite the pandemic, 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.

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 and as of April 2021 are fully staffed. This is unusual in the Care Industry. Skills for Care estimate that there are currently 8% vacancies in adult social care jobs.

Covid 19 Pandemic

2020 was a difficult year for all care homes and Avenue House was no exception. We were unfortunate enough to have two outbreaks of C19 (an outbreak is defined as more than two cases amongst staff and residents).

We were quick to respond and to contain the outbreaks as far as possible with most residents recovering. Sadly, we did have 2 deaths over the period.

The board has been meeting weekly to manage throughout the Pandemic and we have continued to monitor the situation and to ensure action is taken as appropriate.

We have introduced new control measures such as more frequent cleaning regimes, PPE usage and visiting policy to keep staff and residents as safe as possible. Due to the outbreaks we were visited by CQC to assess our procedures and we the report stated that we were fully assured in terms of Covid management.

Like many residential care homes we have seen a drop in referrals. People will often go into Nursing Care as they have little alternative, often precipitated by a health event that means they now need 24/7 nursing care. For residential care there is more of a choice and, as is common in the sector people are delaying moving into residential care homes. We are beginning to see this pick up now as we move out of the pandemic but it remains a risk (see below).

A massive thanks to our team

2020 has been incredibly stressful for all involved. It has been really difficult for residents who have not been able to see their families for months and have had to endure isolation in their rooms. Its been very hard on families with only a few people being able to see their relatives and, even then, in a very restricted way.

I would like to thank both residents and relatives for their understanding during these times and the way they have adapted to the new rules with little complaint and a lot of stoicism.

All through this our staff have continued to come in and perform their duties with good grace and professionalism. Not all of our staff are young and its important to note that they continued even when we had outbreaks of Covid. And this was before vaccination so they did put themselves in a position where they could have caught the virus themselves, as many did.

So thank you to a dedicated professional team of staff and to the support we have received from everyone.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Capital Development

We had planned a development of a conservatory on the front of Avenue house in 2020. We obtained planning permission in March but for obvious reasons we did not proceed with this and will review the situation after the pandemic.

We did, however, take the decision to build a 'Garden House' which was divided into two sections by Perspex to facilitate visiting during the pandemic. This was at a cost of circa £25k but given the circumstances considered an essential expenditure

Repairs and Improvements

During 2019 we carried out a major repair programme on all three houses. This has meant that there has been no major refurbishment in 2020 but we are currently looking at the alarm systems in Kirwin House which is reaching the end of its useful life.

Service Developments

We have been restricted due to the pandemic (eg no building work) but we continue to develop the service. We would particularly like to highlight the following:

All staff are now paid the Real Living Wage (the minimum recommended by the Living Wage Foundation, higher than statutory National Living Wage).

- In 2019 we identified the need to review staff terms and conditions and we have implemented some of these in 2020 (eg additional leave for long service).
- 2019 saw us beginning to develop interesting local partnerships (eg the local nursery who bring children to Avenue House once a week), unfortunately a lot of that work has been put on hold.
- During the Pandemic we have been paying staff a 'Covid Bonus' of 10%.

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. Views about whether this was an overly cautious reserves policy differed in the board. However, given the Pandemic and its impact on our vacancies we now appreciate this prudent approach.

This report identifies that we still have a significant surplus above reserves which mitigates the risks outlined in the next section.

**BOARDS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Major risks

The obvious and main risk remains the Pandemic. This poses insurance risks, increased costs for cleaning, staffing and PPE but most significantly the risk is that it impacts on referrals as mentioned above. At the time of writing we have 10 vacancies at Avenue House (other houses have not been affected). This is obviously a considerable impact on income. However, we have invested in some marketing and the market does appear to be picking up. In any case we have ample reserves in order to mitigate this risk and it should be stressed that there is no risk that we are in immediate position of financial failure and closure.

Recruitment has always been identified as a risk in the past but, common with other providers in the market, this has improved and we are fully staffed. We retain this on our risk register but we believe the situation has improved significantly.

Brexit was also identified as a risk (particularly around recruitment) but this again, does not appear to have impacted us.

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WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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 1.7% (2019: 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. (2019: No new supply was 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 -76.0% (2019: -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. (2019: The Society had no borrowings and paid 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 £22,070 (2019: £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 -3.3% (2019: 1.8%).

The operating margin of the Society as a whole is 1% (2019: 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 0.3% (2019: 0.7%).

Investments

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

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Public benefit

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

Choice of Auditors

The board undertook an exercise to seek new auditors in 2020 asking for three quotes. Our current auditors were reappointed.

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.

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

Tim 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 2020, 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 2020 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)

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud and error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Society and the sector in which it operates. We determined that the following laws and regulations were most significant: UK GAAP, the Registered Housing SORP 2014, 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 the UK Corporate Governance Code, UK corporate tax laws, Occupational Health and Safety regulations and the Data protection Act.
- We obtained an understanding of how the Society are complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies.
- We assessed the susceptibility of the Society's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
 - Identifying and assessing the controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates and judgments; and
 - Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions.

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.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

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

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:

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WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover		1,022,153	1,055,181
Cost of sales		(873,827)	(861,493)
GROSS PROFIT		148,326	193,688
Administrative expenditure		(179,447)	(172,292)
Other operating income	9	41,176	3,544
OPERATING PROFIT	10	10,055	24,940
Interest receivable and similar income	11	4,086	5,272
PROFIT BEFORE TAX		14,141	30,212
PROFIT FOR THE FINANCIAL YEAR		14,141	30,212

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income (including income and expenditure account).

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 17 to 27 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	13	2,132,640	2,126,545
		<u>2,132,640</u>	<u>2,126,545</u>
CURRENT ASSETS			
Stocks		5,196	2,651
Debtors: amounts falling due within one year	15	49,434	22,160
Cash at bank and in hand		1,620,767	1,623,081
		<u>1,675,397</u>	<u>1,647,892</u>
Creditors: amounts falling due within one year	17	(139,331)	(129,171)
NET CURRENT ASSETS		1,536,066	1,518,721
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,668,706</u>	<u>3,645,266</u>
Creditors: amounts falling due after more than one year	18	(93,424)	(84,105)
NET ASSETS		<u>3,575,282</u>	<u>3,561,161</u>
CAPITAL AND RESERVES			
Called up share capital	19	42	62
Revenue reserve		3,575,240	3,561,099
		<u>3,575,282</u>	<u>3,561,161</u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

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 17 to 27 form part of these financial statements.

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WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Income and expenditure account	Total reserves
	£	£	£
At 1 January 2019	58	3,530,887	3,530,945
Surplus for the year	-	30,212	30,212
Total comprehensive income	-	-	-
Total comprehensive income	-	30,212	30,212
Shares redeemed during the year	5	-	5
Shares redeemed during the year	(1)	-	(1)
TOTAL TRANSACTIONS WITH OWNERS	4	-	4
At 1 January 2020	62	3,561,099	3,561,161
COMPREHENSIVE INCOME FOR THE YEAR			
Surplus for the year	-	14,141	14,141
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	14,141	14,141
Shares issued during the year	1	-	1
Shares redeemed during the year	(21)	-	(21)
TOTAL TRANSACTIONS WITH OWNERS	(20)	-	(20)
AT 31 DECEMBER 2020	42	3,575,240	3,575,282

The notes on pages 17 to 27 form part of these financial statements.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	14,141	30,212
ADJUSTMENTS FOR:		
Depreciation of tangible assets	30,986	27,767
Interest received	(4,086)	(5,272)
(Increase) in stocks	(2,545)	(500)
(Increase) in debtors	(27,274)	(3,352)
Increase in creditors	19,479	35,929
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>30,701</u>	<u>84,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(37,081)	(120,020)
Interest received	4,086	5,272
NET CASH FROM INVESTING ACTIVITIES	<u>(32,995)</u>	<u>(114,748)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	1	5
Purchase of ordinary shares	(21)	(1)
NET CASH USED IN FINANCING ACTIVITIES	<u>(20)</u>	<u>4</u>
(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,314)</u>	<u>(29,960)</u>
Cash and cash equivalents at beginning of year	1,623,081	1,653,041
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>1,620,767</u>	<u>1,623,081</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	1,620,767	1,623,081
	<u>1,620,767</u>	<u>1,623,081</u>

The notes on pages 17 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020

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 2020

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.

2.12 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.13 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 profit or loss 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.

2.14 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.

2.15 TAXATION

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

2.16 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. SOCIAL HOUSING TURNOVER AND COSTS (2020)

	Residential Care (Avenue House)	Supported Accom. (Kirwin House)	Independent Living (Lansdowne House)	Total
	£	£	£	£
Gross rent	1,055,778	50,142	31,653	1,137,573
Service charges	-	10,360	9,438	19,798
Voids	(187,692)	-	(1,483)	(189,175)
Other income from residents	50,399	9	-	50,408
Net rent receivable	918,485	60,511	39,608	1,018,604
Amortised government grants	1,942	199	1,408	3,549
Turnover	920,427	60,710	41,016	1,022,153
Cost of sales (note 6)	(822,855)	(27,380)	(23,592)	(873,827)
Administrative expenditure (note 6)	(150,659)	(18,119)	(10,669)	(179,447)
Other operating income (note 9)	41,176	-	-	41,176
Net surplus	(11,911)	15,211	6,755	10,055

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. ACCOMMODATION UNITS

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

	2020	2019
	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

	2020	2019
	£	£
Cost of Sales		
Property management	795,273	682,316
Repairs and maintenance	47,568	151,409
Depreciation	30,986	27,767
	<u>873,827</u>	<u>861,492</u>
	<u><u>873,827</u></u>	<u><u>861,492</u></u>
Administrative expenditure	179,447	172,292
	<u>179,447</u>	<u>172,292</u>
	<u><u>179,447</u></u>	<u><u>172,292</u></u>

7. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration for key management personnel amounted to £69,126 (2019 - £58,372).

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 (2019 - 23).

The average headcount was 31 (2019: 32).

There is 1 employee who received more than between £60,000 and £70,000 as their employment package (2019: 0).

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. OTHER OPERATING INCOME

	2020 £	2019 £
Government grants receivable	39,491	-
Amenities fund donations	1,685	3,544
	<u> </u>	<u> </u>

10. OPERATING SURPLUS

The operating surplus is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	30,986	27,767
Defined pension costs	11,508	10,765
Fees payable to the Society's auditor and its associates for the audit of the Society's annual financial statements	8,634	9,535
	<u> </u>	<u> </u>

11. INTEREST RECEIVABLE AND OTHER INCOME

	2020 £	2019 £
Interest receivable	4,086	5,272
	<u> </u>	<u> </u>

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 2020

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Components £	Total £
COST OR VALUATION				
At 1 January 2020	1,725,731	134,810	421,849	2,282,390
Additions	6,801	27,401	2,879	37,081
At 31 December 2020	1,732,532	162,211	424,728	2,319,471
DEPRECIATION				
At 1 January 2020	-	104,430	51,415	155,845
Charge for the year on owned assets	-	9,346	21,640	30,986
At 31 December 2020	-	113,776	73,055	186,831
NET BOOK VALUE				
At 31 December 2020	1,732,532	48,435	351,673	2,132,640
At 31 December 2019	1,725,731	30,380	370,434	2,126,545

14. COMPONENTS

	Windows Kirwin / Lansdowne £	Lift refurb £	Kirwin roof and flat upgrades £	Nurse call system £	Avenue House en-suites £	TOTAL £
COST						
1 January 2020	147,369	15,121	79,256	10,747	169,356	421,849
Additions	-	-	2,879	-	-	2,879
	147,369	15,121	82,135	10,747	169,356	424,728
DEPRECIATION						
1 January 2020	15,657	6,174	14,858	4,390	10,336	51,415
Charge for year	3,684	1,512	4,090	1,075	11,279	21,640
	19,341	7,686	18,948	5,465	21,615	73,055
NET BOOK VALUE						
At 31 December 2020	128,028	7,435	63,187	5,282	147,741	351,673
At 31 December 2019	131,712	8,947	64,398	6,357	159,020	370,434

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**15. DEBTORS**

	2020	2019
	£	£
Trade debtors	25,388	7,256
Prepayments and accrued income	24,046	14,904
	<u>49,434</u>	<u>22,160</u>

16. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	623,991	630,961
Current asset investments	996,776	992,120
	<u>1,620,767</u>	<u>1,623,081</u>

Current asset investments represent cash held on account with the Cooperative Bank £86,203 (2019: £85,836), Triodos £485,648 (2019: £483,999), Manchester Building Society £76,930 (2019: £76,547), Nationwide Building Society £86,111 (2019: £85,941), Shawbrook CAF account £261,884 (2019: £259,797).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	21,694	45,434
Other creditors	17,395	11,587
Accruals and deferred income	43,771	26,388
Deposits received	45,109	40,733
Other loans	2,000	2,000
Rent received in advance	9,362	3,029
	<u>139,331</u>	<u>129,171</u>

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

	2020	2019
	£	£
Social Housing and other grants	93,424	84,105
	<u>93,424</u>	<u>84,105</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
42 (2019: 62) Ordinary shares of £1.00 each	42	62

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 21 shares were sold back to the Society and 1 share was issued at par value.

20. CONTINGENT LIABILITIES

As at 31 December 2020, a contingent liability of £50,367 (2019 - £53,112) exists in respect of amortisation charged to date against social housing and other grants.

21. 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 £2,734 (2019 - £103) were payable to the fund at the reporting date and are included in creditors.

22. RELATED PARTY TRANSACTIONS

In 2020 a member of the Board received £7,024 (2019 - £5,473) 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 payable by the tenant/resident Board members who served in the year, while they were serving on the Board, totalled £23,147 (2019 - £39,864). At the year end a Board member owed £22,337 (2019: £Nil).

23. LEGISLATIVE PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Avenue House £	Kirwin House £	Lansdowne House £	2020 Total £	2019 Total £
INCOME					
Rent and other income	918,485	60,511	39,608	1,018,604	1,052,436
Amortised government grants	1,942	199	1,408	3,549	2,745
	<u>920,427</u>	<u>60,710</u>	<u>41,016</u>	<u>1,022,153</u>	<u>1,055,181</u>
OTHER OPERATING INCOME					
Amenities fund donations	1,685	-	-	1,685	3,544
Government grants receivable	39,491	-	-	39,491	-
	<u>41,176</u>	<u>-</u>	<u>-</u>	<u>41,176</u>	<u>3,544</u>
MANAGEMENT EXPENSES					
Food	44,145	-	-	44,145	47,218
Council tax and water	7,514	135	474	8,123	8,679
Lighting and heating	29,640	6,218	1,292	37,150	33,735
Insurance	22,150	-	-	22,150	21,331
Telephone	7,230	-	-	7,230	5,542
Salaries and wages	572,253	9,794	6,503	588,550	524,487
General expenses	44,783	1,801	1,851	48,434	41,324
Expenses covered by grants	39,491	-	-	39,491	-
Depreciation					
- furniture and equipment	7,108	393	1,041	9,346	8,951
- components	13,866	5,932	1,842	21,640	18,816
	<u>788,180</u>	<u>24,273</u>	<u>13,003</u>	<u>826,259</u>	<u>710,083</u>
REPAIRS & MAINTENANCE					
Day to day repairs	33,872	3,107	10,589	47,568	151,409
	<u>33,872</u>	<u>3,107</u>	<u>10,589</u>	<u>47,568</u>	<u>151,409</u>
ADMINISTRATIVE COSTS					
Salaries and wages	97,171	8,212	2,911	108,294	99,308
Accountancy fees	21,583	7,082	5,668	34,333	33,095
Professional fees	6,389	329	263	6,981	7,787
Audit fees	5,396	1,799	1,439	8,634	9,535
Registration fee	5,156	22	17	5,195	5,252
Staff recruitment and training	2,836	-	-	2,836	4,198
Bank charges	587	172	138	897	1,007
Sundry admin costs	10,807	503	233	11,543	10,518
Staff entertainment	734	-	-	734	1,592
	<u>150,659</u>	<u>18,119</u>	<u>10,669</u>	<u>179,447</u>	<u>172,292</u>