

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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
Melanie Mackintosh
Geraldyn Meehan
Jerry Oliver
Chris Szpojnarowicz
Rosemary Mills
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 2021

The Board present its report and the audited financial statements for the year ended 31 December 2021.

Board responsibilities

The Board is responsible for preparing 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 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 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 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 for older and/or disabled people and residential care.

The Society has three houses - Avenue House is a registered care home for 30 residents, Kirwin House and Lansdowne House provide older people specific housing.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Review of results and future activities

Kirwin House

We have made a slight amendment to our activities going forward into 2022 which is we are moving away from providing support in Kirwin House and are moving it to independent living to make it the same as Lansdowne. This has been necessary for several reasons. Principally the fabric of the building cannot support increasingly frail residents (eg stairlifts can not be put in) and the level of support that may be required in the future is difficult to provide from Avenue House due to CQC requirements to keep staff on the floor in that facility. This change is being carried out in full consultation with residents with plans for their individual ongoing support.

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. CQC have carried out desk top reviews since then and not identified any issues that require a visit.

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

2021 continued to be a difficult year with our staff and residents continuing to face restrictions despite the rest of the country opening up. There continues to be strict guidance on areas such as PPE, Visiting. Most significantly an outbreak is still declared with only two residents and/or staff testing positive.

The situation has remained challenging to residents, staff and families.

Positive news is that occupancy has picked up and we have now reached a position where the number of residents is at or above our budgeted figures.

Our staff have continued to be positive, professional, and dedicated during this difficult time and our staff retention remains good despite all the difficulties. I would like to take this opportunity to thank them all for their tireless work. Their dedication is really very impressive.

Staffing

Staffing in the Care sector continues to be a challenge. In the South West there are 15-20% vacancies in the care industry (source Care and support West Estimate). We have continued to recruit but it is becoming more difficult despite us continuing to pay at a competitive rate (all staff are paid the Real Living Wage). As with all care agencies, this remains a key business risk.

Capital Development

The new conservatory which will bring significant benefits was put on hold during the pandemic but we have now started the detail design work and we hope that it will be completed during 2022.

**BOARDS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

Major risks

As a board we keep a risk register both around resident focussed risks and business risk. These are monitored on a regular basis. The key business risks are as follows:

- Recruitment. Whilst not critical at the moment for avenue House we are aware that recruitment is becoming increasingly difficult.
- Falling demand. We were concerned that the pandemic may limit the number of people wanting to move into residential care. This remains a risk but we are pleased that occupancy has bounced back
- Cost of living. Despite budgeting for significant increases (eg 20% in utilities) we are aware of the increases in the cost of living. We have raised fees as much as we feel able to for 2022 but this remains a concern.

We should note that there are healthy reserves in the association and there is no risk of financial collapse.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 1.2% (2020: 1.7%).

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. (2020: 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 -78.5% (2020: -76.0%).

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. (2020: 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 £21,949 (2020: £22,070).

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 1.9% (2020: -3.3%).

The operating margin of the Society as a whole is 2.2% (2020: 1.0%).

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 0.6% (2020: 0.3%).

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 2021

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:

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 2021, 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 2021 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

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

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

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

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 17.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The members are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

- the information given in the Boards' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Boards' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Boards' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF THE BOARD

As explained more fully in the Boards' Responsibilities Statement set out on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend 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:

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover		962,303	1,022,153
Cost of sales		(862,134)	(873,827)
Gross profit		100,169	148,326
Administrative expenses		(191,865)	(179,447)
Other operating income	9	112,703	41,176
Operating profit	4, 10	21,007	10,055
Interest receivable and similar income	11	2,194	4,086
Profit before tax		23,201	14,141
Profit for the financial year		23,201	14,141

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income (including income and expenditure account).

There was no other comprehensive income for 2021 (2020:£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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	2,124,319	2,132,640
		<u>2,124,319</u>	<u>2,132,640</u>
Current assets			
Stocks		3,642	5,196
Debtors: amounts falling due within one year	15	20,400	49,434
Cash at bank and in hand	16	1,667,394	1,620,767
		<u>1,691,436</u>	<u>1,675,397</u>
Creditors: amounts falling due within one year	17	(132,625)	(139,331)
Net current assets		<u>1,558,811</u>	<u>1,536,066</u>
Total assets less current liabilities		<u>3,683,130</u>	<u>3,668,706</u>
Creditors: amounts falling due after more than one year	18	(84,648)	(93,424)
Net assets		<u><u>3,598,482</u></u>	<u><u>3,575,282</u></u>
Capital and reserves			
Called up share capital	19	41	42
Profit and loss account		3,598,441	3,575,240
		<u><u>3,598,482</u></u>	<u><u>3,575,282</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

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.

WEST OF ENGLAND FRIENDS HOUSING SOCIETY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Income and expenditure account	Total reserves
	£	£	£
At 1 January 2021	42	3,575,240	3,575,282
Surplus for the year	-	23,201	23,201
Shares redeemed during the year	(1)	-	(1)
At 31 December 2021	41	3,598,441	3,598,482

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

**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 2020	62	3,561,099	3,561,161
Surplus for the year	-	14,141	14,141
Shares issued during the year	1	-	1
Shares redeemed during the year	(21)	-	(21)
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 2021**

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	23,201	14,141
Adjustments for:		
Depreciation of tangible assets	34,498	30,986
Government grants received	(30,813)	(39,491)
Interest received	(2,194)	(4,086)
Decrease/(increase) in stocks	1,554	(2,545)
Decrease/(increase) in debtors	29,034	(27,274)
(Decrease)/increase in creditors	(14,482)	19,479
Net cash generated from operating activities	<u>40,798</u>	<u>(8,790)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(26,177)	(37,081)
Government grants received	30,813	39,491
Interest received	2,194	4,086
Net cash from investing activities	<u>6,830</u>	<u>6,496</u>
Cash flows from financing activities		
Issue of ordinary shares	-	1
Purchase of ordinary shares	(1)	(21)
Repayment of other loans	(1,000)	-
Net cash used in financing activities	<u>(1,001)</u>	<u>(20)</u>
Net increase/(decrease) in cash and cash equivalents	<u>46,627</u>	<u>(2,314)</u>
Cash and cash equivalents at beginning of year	1,620,767	1,623,081
Cash and cash equivalents at the end of year	<u><u>1,667,394</u></u>	<u><u>1,620,767</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,667,394	1,620,767
	<u><u>1,667,394</u></u>	<u><u>1,620,767</u></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 2021**

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 2021

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 profit or loss.

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 2021

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 2021**

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 reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting 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 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 2021

4. SOCIAL HOUSING TURNOVER AND COSTS (2021)

	Residential Care (Avenue House)	Supported Accom. (Kirwin House)	Independent Living (Lansdowne House)	Total
	£	£	£	£
Gross rent	1,077,635	51,471	34,058	1,163,164
Service charges	-	10,663	9,783	20,446
Voids	(281,797)	(7,943)	(2,796)	(292,536)
Other income from residents	65,469	-	-	65,469
Net rent receivable	861,307	54,191	41,045	956,543
Amortised government grants	4,153	199	1,408	5,760
Turnover	865,460	54,390	42,453	962,303
Cost of sales (note 6)	(789,238)	(35,854)	(37,042)	(862,134)
Administrative expenditure (note 6)	(161,951)	(18,598)	(11,316)	(191,865)
Other operating income (note 9)	109,283	1,810	1,610	112,703
Net surplus	23,554	1,748	(4,295)	21,007

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**
5. ACCOMMODATION UNITS

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

	2021	2020
	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

	2021	2020
	£	£
Management expenses		
Property management	779,856	795,273
Depreciation	34,498	30,986
	<u>814,354</u>	<u>826,259</u>
	<u><u>814,354</u></u>	<u><u>826,259</u></u>
Repairs and maintenance	47,780	47,568
	<u>47,780</u>	<u>47,568</u>
Cost of sales	862,134	873,827
	<u>862,134</u>	<u>873,827</u>
	<u><u>862,134</u></u>	<u><u>873,827</u></u>
Administrative expenditure	191,865	179,447
	<u>191,865</u>	<u>179,447</u>
	<u><u>191,865</u></u>	<u><u>179,447</u></u>

7. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration for key management personnel amounted to £65,570 (2020 - £69,126).

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 21 employees (2020 - 23).

The average headcount was 29 (2020: 31).

There is 1 employee who received more than between £60,000 and £70,000 as their employment package (2020: 1).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**9. OTHER OPERATING INCOME**

	2021	2020
	£	£
Bursary income	50,000	-
Government grants receivable	30,813	39,491
Sundry income	31,890	1,685
	<u>112,703</u>	<u>41,176</u>

Bursary income of £50,000 and £30,000 included within sundry income relates to a legacy from Judith Chandler.

10. OPERATING SURPLUS

The operating surplus is stated after charging:

	2021	2020
	£	£
Depreciation	34,498	30,986
Defined pension costs	12,341	11,508
Fees payable to the Society's auditor and its associates for the audit of the Society's annual financial statements	7,800	8,634
	<u>7,800</u>	<u>8,634</u>

11. INTEREST RECEIVABLE AND OTHER INCOME

	2021	2020
	£	£
Other interest receivable	2,194	4,086
	<u>2,194</u>	<u>4,086</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 2021

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Components £	Total £
COST OR VALUATION				
At 1 January 2021	1,732,532	162,211	424,728	2,319,471
Additions	-	-	26,177	26,177
At 31 December 2021	<u>1,732,532</u>	<u>162,211</u>	<u>450,905</u>	<u>2,345,648</u>
DEPRECIATION				
At 1 January 2021	-	113,776	73,055	186,831
Charge for the year on owned assets	-	12,109	22,389	34,498
At 31 December 2021	<u>-</u>	<u>125,885</u>	<u>95,444</u>	<u>221,329</u>
NET BOOK VALUE				
At 31 December 2021	<u>1,732,532</u>	<u>36,326</u>	<u>355,461</u>	<u>2,124,319</u>
At 31 December 2020	<u>1,732,532</u>	<u>48,435</u>	<u>351,673</u>	<u>2,132,640</u>

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	82,135	10,747	169,356	424,728
Additions	-	26,177	-	-	-	26,177
	<u>147,369</u>	<u>41,298</u>	<u>82,135</u>	<u>10,747</u>	<u>169,356</u>	<u>450,905</u>
DEPRECIATION						
1 January 2020	19,341	7,686	18,948	5,465	21,615	73,055
Charge for year	3,685	2,167	4,173	1,074	11,290	22,389
	<u>23,026</u>	<u>9,853</u>	<u>23,121</u>	<u>6,539</u>	<u>32,905</u>	<u>95,444</u>
NET BOOK VALUE						
At 31 December 2021	<u>124,343</u>	<u>31,445</u>	<u>59,014</u>	<u>4,208</u>	<u>136,451</u>	<u>355,461</u>
At 31 December 2020	<u>128,028</u>	<u>7,435</u>	<u>63,187</u>	<u>5,282</u>	<u>147,741</u>	<u>351,673</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**15. DEBTORS**

	2021	2020
	£	£
Trade debtors	4,890	25,388
Other debtors	222	-
Prepayments and accrued income	15,288	24,046
	<u>20,400</u>	<u>49,434</u>

16. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	668,001	623,991
Current asset investments	999,393	996,776
	<u>1,667,394</u>	<u>1,620,767</u>

Current asset investments represent cash held on account with the Cooperative Bank £86,533 (2020: £86,203), Triodos £485,962 (2020: £485,648), Manchester Building Society £76,995 (2020: £76,930), Nationwide Building Society £86,154 (2020: £86,111), Shawbrook CAF account £263,749 (2020: £261,884).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Other loans	1,000	2,000
Rent received in advance	267	9,362
Trade creditors	16,764	21,694
Deposits received	48,440	45,109
Other creditors	25,799	17,395
Accruals and deferred income	40,355	43,771
	<u>132,625</u>	<u>139,331</u>

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

	2021	2020
	£	£
Social Housing and other grants	84,648	93,424
	<u>84,648</u>	<u>93,424</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
41 (2020: 42) Ordinary shares of £1.00 each	41	42

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 1 share was redeemed at par value.

20. CONTINGENT LIABILITIES

As at 31 December 2021, a contingent liability of £58,600 (2020 - £55,857) 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 £3,115 (2020 - £2,734) were payable to the fund at the reporting date and are included in creditors.

22. RELATED PARTY TRANSACTIONS

In 2021 a member of the Board received £7,000 (2020 - £7,024) 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 £43,239 (2020 - £23,147). At the year end a Board member owed £119 (2020: £22,337).

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 2021

24. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Avenue House £	Kirwin House £	Lansdowne House £	2021 Total £	2020 Total £
INCOME					
Rent and other income	861,307	54,191	41,045	956,543	1,018,604
Amortised government grants	4,153	199	1,408	5,760	3,549
	<u>865,460</u>	<u>54,390</u>	<u>42,453</u>	<u>962,303</u>	<u>1,022,153</u>
OTHER OPERATING INCOME					
Amenities fund donations	31,890	-	-	31,890	1,685
Government grants receivable	27,393	1,810	1,610	30,813	39,491
Bursary income	50,000	-	-	50,000	-
	<u>109,283</u>	<u>1,810</u>	<u>1,610</u>	<u>112,703</u>	<u>41,176</u>
MANAGEMENT EXPENSES					
Food	45,255	-	-	45,255	44,145
Council tax and water	6,875	(99)	1,602	8,378	8,123
Lighting and heating	33,620	5,101	2,259	40,980	37,150
Insurance	15,399	5,132	4,107	24,638	22,150
Telephone	7,346	-	-	7,346	7,230
Salaries and wages	552,298	9,830	6,518	568,646	588,550
General expenses	50,929	3,292	2,426	56,647	48,434
Expenses covered by grants	24,546	1,810	1,610	27,966	39,491
Depreciation					
- furniture and equipment	11,034	295	780	12,109	9,346
- components	14,532	6,015	1,842	22,389	21,640
	<u>761,834</u>	<u>31,376</u>	<u>21,144</u>	<u>814,354</u>	<u>826,259</u>
REPAIRS & MAINTENANCE					
Day to day repairs	27,404	4,478	15,898	47,780	47,568
ADMINISTRATIVE COSTS					
Salaries and wages	85,964	8,302	2,932	97,198	108,294
Accountancy fees	24,033	7,339	5,873	37,245	34,333
Professional fees	4,003	695	556	5,254	6,981
Audit fees	4,875	1,625	1,300	7,800	8,634
Registration fee	4,924	186	149	5,259	5,195
Staff recruitment and training	2,954	-	-	2,954	2,836
Bank charges	565	165	132	862	897
Sundry admin costs	33,535	286	374	34,195	11,543
Staff entertainment	1,098	-	-	1,098	734
	<u>161,951</u>	<u>18,598</u>	<u>11,316</u>	<u>191,865</u>	<u>179,447</u>