

REGISTERED COMPANY NUMBER: 0738023 (England and Wales)
REGISTERED CHARITY NUMBER: 220392
REGULATOR OF SOCIAL HOUSING NUMBER
HO374

REPORT OF THE EXECUTIVE COMMITTEE AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
ELM TREES RETIREMENT LIVING LIMITED

Leonard Gold Chartered Accountants
Registered Auditors
24 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

ELM TREES RETIREMENT LIVING LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page
Report of the Executive Committee	1 to 4
Report of the Independent Auditors	5 to 7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Financial Statements	10 to 18

ELM TREES RETIREMENT LIVING LIMITED

REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2020

The Executive Committee who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

0738023 (England and Wales)

Registered Charity number

220392

Regulator of Social Housing number

HO374

Previous Name

The charity was previously known as Abbeyfield Solent Society Limited

Registered office

50 St Edwards Road
Southsea
Hampshire
PO5 3DJ

Executive Committee

Mrs E Burns	- Chairman
Mrs S Love	- Appointed 21 st October 2020
T Biddle	- Resigned 30 th June 2021
M Mitchell	- Resigned 14 th July 2021
Mrs J Giles	
Mr J L West	

Senior Statutory Auditor

Mrs Julie Watts

Auditors

Leonard Gold
Statutory Auditor
24 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

Bankers

Lloyds Bank Plc
38 London Road,
North End
Portsmouth
Hampshire
PO2 0LR

ELM TREES RETIREMENT LIVING LIMITED

REPORT OF THE EXECUTIVE COMMITTEE **FOR THE YEAR ENDED 31 DECEMBER 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Elm Trees Retirement Living Limited is a company limited by guarantee, having no share capital, governed by its Memorandum and Articles of Association. The company was incorporated on 17 October 1962. It registered as a charity on 5 December 1963 with the Charity Commission. It is also registered with the Regulator of Social Housing. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and appointment of new committee members

A nomination for election as an ordinary member of the Executive Committee may be put forward

- a) by the Executive Committee; or
- b) if accompanied by a signed statement from the nominee that he/she is willing to act as such, by at least two of members the Society who are entitled to vote.

Induction and training of new committee members

New committee members undergo an orientation period to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making and processes and the recent financial performance of the charity. During the induction period they meet key employees and other committee members. Committee members are encouraging to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisational structure

The executive committee, which can have between 3 and 18 members, administers the society. The Trustees have appointed a General Manager to manage the day to day operations of the society, under the supervision of the Executive Committee. The Trustees have delegated authority of operational matters to the administration staff.

Risk management

The Executive Committee has conducted its own review of the major risks to which the society is exposed and systems have been established to mitigate those risks. Internal risks are minimised by the implementation of procedures for authorisation of all transactions. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the society shall be to carry on for the benefit of the community the provision and management for the relief and care of elderly persons of all classes suffering from the disabilities of old age or otherwise being in need, of housing for letting and not for sale and/or hostels. And in furtherance of this object but not otherwise the society may

- (i) Provide land or buildings for purposes connected with the requirements of the elderly persons occupying the houses of hostels provided or managed by the society; and
- (ii) Provide amenities or services for the benefit of such persons either exclusively or together with other persons.

The society shall have the power to do all the things necessary or expedient for the fulfilment of its objects.

ELM TREES RETIREMENT LIVING LIMITED

REPORT OF THE EXECUTIVE COMMITTEE **FOR THE YEAR ENDED 31 DECEMBER 2020**

ACHIEVEMENT AND PERFORMANCE

Investment performance

Under the Memorandum and Articles of Association, the society has the power to make any investments that the executive committee sees fit.

FINANCIAL REVIEW

The Board continue to review the management and operation of the Charity and its properties and have implemented changes where necessary for the residents we are responsible for.

Covid-19 restrictions were placed on all the houses as of 23 March 2020 and priority was given to the welfare of residents and reduced effort was placed on strategic issues such as future planning.

The recruitment of new residents with the use of traditional advertising has continued, however there has understandably been a noticeable reduction in the number of applications as a result of Covid-19 concerns.

Financially the result of the reduction in resident numbers and the cost of Covid related PPE has been difficult and will continue into the next reporting year.

In November 2018, a replacement contractor was appointed to construct Myfanwy, after Drews, the original contractor was placed into administration. The inclement weather in the autumn of 2019, delayed completion of the work until early 2020, when the site had to be closed down in early March due to Covid restrictions. The new house was completed and handed over to the Company in August 2020 and residents moved into their new home in September.

Drews were placed into liquidation in 2019, and the Charity has submitted a substantial claim to the Liquidators for the additional costs incurred, together with loss of rent caused by their failure, and delays to the contract. The claim against the liquidators continues, but there has been little progress. We still await the liquidators report which was due May/June 2021. There has been some progress with regard to another of Drew Holdings' developments which it is hoped will move forward to sales allowing them to pay off at least some part of our claim.

The Charity continues to review the properties in its ownership, and the ability to both attract new residents, and to remain viable as sheltered accommodation. Unfortunately, Fordham House failed the longer-term test and was sold in 2020. Part of the proceeds were used to reduce the Lloyds Bank funding for the construction of Myfanwy.

The Board wish to place on record their thanks to all our staff for the magnificent work over and above their normal duties to operate our Houses during the Covid-19 outbreak, and maintaining our high standards of care for our residents.

Future Plans

With the retirement of Trevor Biddle, Jim West has agreed to lead the Board's on-going financial management until a suitable Trustee can be found to replace Trevor. He has organised a review of the financial arrangements and the Trustees will be reviewing the financial options in the near future. This will include a review of the current banking arrangements.

The period to 31 December 2020 proved a difficult one for the charity as described above. Now that the effects of the pandemic are reducing, the Trustees are reviewing their future options. Attention is being paid to attracting new residents and to prudent cash flow planning. Efforts will also be made to recruit new Trustees.

ELM TREES RETIREMENT LIVING LIMITED

REPORT OF THE EXECUTIVE COMMITTEE **FOR THE YEAR ENDED 31 DECEMBER 2020**

Public Benefit

The Executive Committee regularly monitor and review the success of the organisation in meeting its key objectives. The Executive Committee have considered the Charity Commission's guidance on public benefit and are satisfied that the charity's aims, and its activities carried out in pursuit of those aims, are for the public benefit. A proportion of our residents receive state funding to assist with their fees.

The Executive Committee believe that they have complied with the duty in section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission.

Reserves policy

The purposes of these reserves are detailed in note 18 to the financial statements.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive Committee (who are also directors of Elm Trees Retirement Living Limited for the purposes of company law) are responsible for preparing the Report of the Executive Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the Executive Committee are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and 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 financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Executive Committee are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ELM TREES RETIREMENT LIVING LIMITED

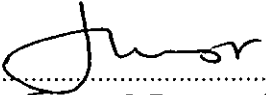
REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT AS TO DISCLOSURE TO OUR AUDITORS

So far as the Executive Committee are aware:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware; and
- the committee members, having made enquiries of fellow committee members and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a committee member in order to make themselves aware of any audit information and to establish that the auditor are aware of that information.

ON BEHALF OF THE BOARD:


.....
J WEST - Committee Member

Date: 6.9.21.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELM TREES RETIREMENT LIVING LIMITED

Opinion

We have audited the financial statements of Elm Trees Retirement Living Limited ('the charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance sheet Notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- Have been prepared in accordance with the requirements of the Companies Act 2006, schedule 1 to the Housing Act 2004 and the Accounting Requirements for Registered Social Landlords General Determination 2015 and the Charities Statement of Recommended Practice (FRS102).

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence 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 ISA's (UK) require us to report to you where:

- The executive committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The executive committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

Other information

The executive committee are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements; and the report of the Executive Committee has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF **ELM TREES RETIREMENT LIVING LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, 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 executive committee 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 executive committee members were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Executive Committee.

Responsibilities of executive committee members

As explained more fully in the Statement of Executive Committee Responsibilities set out on page one, the Executive Committee members (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Auditors' 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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying potential risks related to irregularities

- We obtained an understanding of the laws and regulations that are applicable to the charitable company and determined those which could reasonably be expected:
 - To have a direct effect on the determination of material amounts and disclosures in the financial statements. We determined that the most significant were the Companies Act 2006 and the Charities Statement of Recommended Practice (FRS102); and
 - To not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or avoid a material penalty. We determined that the most significant were health and safety, and employment law.
- We enquired to management as to their own assessment of risks in relation to fraud and irregularities and the internal controls they may have in place to mitigate the risks of fraud or non-compliance with laws and regulations;
- We evaluated management's incentives and opportunity for fraudulent manipulation of the financial statements (including the risk of override of controls). Also, evaluated if there is an increased risk of fraud arising due to the potential impact of Covid-19 on the activities of the charitable company and the reporting thereon.

Audit approach to risks identified

- We reviewed how the company is complying with laws and regulations by making enquiries to management and senior employees. This was corroborated by review of correspondence received from regulatory bodies;
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with the Companies Act 2006 and accounting standards;

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELM TREES RETIREMENT LIVING LIMITED

- We enquired to management concerning any actual or potential litigation and claims;
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud or non compliance;
- We enquired whether management had any knowledge of any actual, suspected, or alleged fraud;
- We tested the appropriateness of journal entries and other adjustments to assess whether the judgements made in making accounting estimates are indicative of a potential bias. This included assessing the business rational of any significant transactions that are unusual or outside the normal course of business;
- We communicated the risks identified and the audit approach to be taken to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. There are inherent limitations in the audit procedures described above.

The further removed non-compliance with laws and regulations is 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 these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



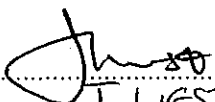
Mrs J D Watts (Senior Statutory Auditor)
for and on behalf of Leonard Gold
Statutory Auditors
Chartered Accountants
24 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

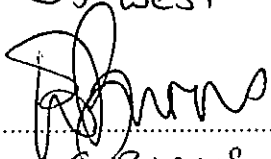
Date: 9 September 2021

ELM TREES RETIREMENT LIVING LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted General £	Funds Designated £	Endowment Funds Restricted £	2020 Total Funds £	2019 Total Funds £
Income						
Donations and legacies	3	20,208	-	-	20,208	99
<i>Income from charitable activities</i>						
Residents						
Accommodation	5	402,321	-	-	402,321	418,897
Investment income	4	27	-	-	27	22
Other income		7,740	-	-	7,740	49
Total income		<u>430,296</u>	<u>-</u>	<u>-</u>	<u>430,296</u>	<u>19,067</u>
Expenditure						
Charitable activities	6	516,415	-	-	516,415	(480,998)
Total expenditure		<u>516,415</u>	<u>-</u>	<u>-</u>	<u>516,415</u>	<u>(480,998)</u>
Net (expenditure) before other recognised gains		<u>(86,119)</u>	<u>-</u>	<u>-</u>	<u>(86,119)</u>	<u>(61,931)</u>
Gain on sale of property		1,000	-	-	1,000	-
Transfer between funds		<u>394,948</u>	<u>(394,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income/ (Expenditure)		309,829	(394,948)	-	(85,119)	(61,931)
Reconciliation of funds						
Total funds brought forward		<u>£991,755</u>	<u>£1,496,286</u>	<u>£1,009,697</u>	<u>£3,497,738</u>	<u>£3,559,669</u>
Total funds carried forward		<u>£1,301,584</u>	<u>£1,101,338</u>	<u>£1,009,697</u>	<u>£3,412,619</u>	<u>£3,497,738</u>

The financial statements were approved by the Executive Committee on 1.9.21. and were signed on its behalf by:


 J. WEST – Committee Member


 E. BURNS – Committee Member

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes form part of these financial statements

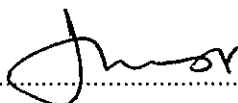
ELM TREES RETIREMENT LIVING LIMITED (REGISTERED NUMBER: 0738023)

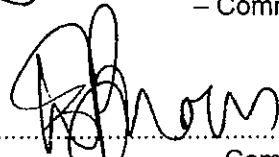
BALANCE SHEET
AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Fixed Assets			
Tangible assets	11	4,856,860	5,245,873
		<u>4,856,860</u>	<u>5,245,873</u>
Current Assets			
Stocks		753	591
Debtors: amounts falling due within one year	12	7,722	10,171
Cash at bank and in hand		<u>57,488</u>	<u>133,230</u>
		65,963	143,992
CREDITORS			
Amounts falling due within one year	13	<u>(137,982)</u>	<u>(288,780)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(72,019)</u>	<u>(144,788)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,784,841</u>	<u>5,101,085</u>
CREDITORS			
Amounts falling due after more than one year	14	<u>(1,372,222)</u>	<u>(1,603,347)</u>
Net Assets		<u>3,412,619</u>	<u>3,497,738</u>
Funds	18		
Unrestricted funds		2,402,922	2,488,041
Endowment funds		<u>1,009,697</u>	<u>1,009,697</u>
Total Funds		<u>3,412,619</u>	<u>3,497,738</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and for circulation to members of the company.

The financial statements were approved by the Executive Committee on1.9.21..... and were signed on its behalf by:


.....
- Committee Member


.....
E Burns - Committee Member

ELM TREES RETIREMENT LIVING LIMITED

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

1. Statutory Information

Elm Trees Retirement Living Limited is a company limited by guarantee, registered in England and Wales. It is also a registered Charity and registered with the Regulator of Social Housing. The Society's registration number and registered office can be found in the Reference and Administration section of the report of the Executive Committee.

2. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of Preparation of Accounts

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities.

Statement of Recommended Practice applicable to charities preparing their accounts in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK Republic of Ireland (FRS102) and the Companies Act 2006, the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010 and with the Accounting Requirements for Registered Social Landlords General Determination 2015.

Elm Trees Retirement Living Limited meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Income

Income from charitable activities represents rental income and is recognised on a receivable basis.

Voluntary income including donations and legacies that are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income is recognised on a receivable basis.

Government grants have been received relating to the Coronavirus Job Retention Scheme during the year. The income is recognised as grant income under the accrual model.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the cost of running the charity's properties and their associated support costs.
- Other expenditure represents those items not falling in the above category.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

Support costs are those functions that assist the work of the charity but do not directly undertake Charitable activities. Support costs include offices costs, finance and governance costs.

Taxation

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

Pensions

The Society operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

ELM TREES RETIREMENT LIVING LIMITED

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

2. Accounting Policies – continued

Tangible Assets

The charity's freehold property is revalued annually in line with the requirements of FRS102.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life as follows:-

Fixtures, Fittings and Equipment – 10-100% on cost depending on the assets expected life.

Freehold property – The Charity has a policy of upgrading its properties to a standard that would increase the properties residual value, so that a depreciation charge is inappropriate.

Social Housing Grants - where developments have been financed wholly or partly by housing association grants the cost of those developments has been reduced by the grant receivable. Whilst SHG has been treated as a grant it is repayable under certain circumstances, primarily following the sale of a property, but the repayment is often restricted to the net proceeds of the sale.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due.

Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar accounts.

Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the executive committee have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's activities.

The Permanent Endowment Fund is restricted and represents the property known as Jane Gillitt in Southsea which is occupied by the charity. The charity is entitled to the income but the property is owned by The Jane Gillitt Home Trust, a uniting direction dated 23 March 2005 is in place.

Legal Status of the Charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Financial Instruments

Debtors

Short term debtors are measured at transaction price (which is usually the retail or invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

ELM TREES RETIREMENT LIVING LIMITED

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

2. Accounting Policies – continued

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Related Party Transactions

In the year there was 1 trustee that provided professional services, the costs total £840.

3. Donations and other income

	2020 £	2019 £
Donations	<u>20,208</u>	<u>99</u>
	<u>20,208</u>	<u>99</u>

4. Investment Income

	2020 £	2019 £
Deposit account interest	<u>27</u>	<u>22</u>

5. Income from Charitable Activities

	2020 £	2019 £
Resident charges	<u>402,321</u>	<u>418,897</u>

6. Analysis of Expenditure on Charitable Activities

	2020 £	2019 £
Staff costs	218,767	200,601
Rates	11,190	8,253
Insurance	11,290	9,828
Light, heat and water	38,206	38,210
Telephone	6,904	5,739
Postage, stationery and advertising	18,804	18,883
Sundries	1,046	2,526
Training costs	517	68
Food and household expenses	37,587	38,495
Office accountant	7,474	6,536
Executive Committee mileage	1,709	2,191
Repairs	62,325	59,058
Motor expenses (lease, insurance & tax)	4,828	4,632
Computer expenses	3,515	3,306
Professional fees	8,775	16,195
Depreciation and loss on disposal of assets	26,383	8,443
Support and governance costs (see note 7)	5,322	12,735
Myfanwy security costs	5,208	-
Name change costs	-	6,005
Loan Interest	<u>46,565</u>	<u>39,294</u>
	<u>516,415</u>	<u>480,998</u>

ELM TREES RETIREMENT LIVING LIMITED

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

7. Support and Governance Costs

	2020	2019
	£	£
Auditors' remuneration	6,594	7,074
Bank charges	1,008	773
Affiliation fees	<u>(2,280)</u>	<u>4,888</u>
	<u>5,322</u>	<u>12,735</u>

8. Net Income/(Expenditure) for the year

This is stated after charging:

	2020	2019
	£	£
Auditors' remuneration	6,594	7,074
Depreciation - owned assets	<u>7,976</u>	<u>8,443</u>

9. Trustees' Remuneration, Benefits and Expenses

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Trustees' Expenses

Expenses were reimbursed to the committee members of £1,709 for mileage (£2,191 in 2019).

10. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	205,343	187,481
Social security costs	10,567	10,567
Pensions	<u>2,857</u>	<u>3,067</u>
	<u>218,767</u>	<u>200,601</u>

No employees had employee benefits in excess of £60,000 (2019: £60,000).

The average monthly number of employees during the year was 13 (2019:12).

ELM TREES RETIREMENT LIVING LIMITED

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

11. TANGIBLE FIXED ASSETS

	Property under development £	Freehold property £	Fixtures and fittings £	Totals £
COST/VALUATION				
At 1 January 2020	2,364,554	3,125,000	163,748	5,653,302
Additions	184,866	-	2,504	187,370
Disposals	-	(550,000)	(40,154)	(590,154)
Transfer	(2,549,420)	2,549,420	-	-
	-	5,124,420	126,098	5,250,518
At 31 December 2020				
Grants received	-	(293,167)	(2,370)	(295,537)
	-	4,831,253	123,728	4,954,981
DEPRECIATION				
At 1 January 2020	-	-	111,892	111,892
Charge for the year	-	-	7,976	7,976
Eliminated on disposal	-	-	(21,747)	(21,747)
At 31 December 2020	-	-	98,121	98,121
NET BOOK VALUE				
At 31 December 2020	-	4,831,253	25,607	4,856,860
At 31 December 2019	2,364,554	2,831,833	49,486	5,245,873

The properties were revalued during January 2018 by independent valuers Savills on a market value basis. To the best of the knowledge and belief of the Executive Committee, the valuation carried out in January 2018 is not materially different to the value of the properties at 31 December 2020 (taking into account the costs of additions since the valuation was carried out). The historical cost of the properties if they were not revalued is £295,015.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Prepayments and other debtors	6,876	10,171
Trade Debtors	846	-
	<u>7,722</u>	<u>10,171</u>

ELM TREES RETIREMENT LIVING LIMITED

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

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Social security and other taxes	5,775	5,265
Trade creditors	66,734	234,174
Accrued Expenses	12,695	7,675
Bank Loans	<u>52,778</u>	<u>41,666</u>
	<u>137,982</u>	<u>288,780</u>

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

	2020	2019
	£	£
Bank loans (see note 13)	<u>1,372,222</u>	<u>1,603,347</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loan	<u>52,778</u>	<u>41,666</u>
Amounts falling due between one and two years:		
Bank loan - 1-2 years	<u>79,167</u>	<u>186,680</u>
Amounts falling due between two and five years:		
Bank loan - 2-5 years	<u>237,500</u>	<u>250,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loan more than 5 years by instalments	<u>1,055,555</u>	<u>1,166,667</u>
	<u>1,425,000</u>	<u>1,645,013</u>

The balance above represents two separate loans all of which are repayable by monthly instalments and which are charged at a fixed and variable rate of interest.

ELM TREES RETIREMENT LIVING LIMITED

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

15. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Bank loans	<u>1,425,000</u>	<u>1,645,013</u>

The bank loans are secured against the charity's freehold properties.

16. OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	1,886	2,830
Between one and five years	<u>-</u>	<u>1,886</u>
	<u>1,886</u>	<u>4,716</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Endowment funds £	2020 Total Funds £	2019 Total Funds £
Fixed assets	3,846,893	1,009,697	4,856,860	5,245,873
Current assets	65,963	-	65,963	143,992
Current liabilities	(137,982)	-	(137,982)	(288,780)
Long term liabilities	(1,372,222)	-	(1,425,000)	(1,603,347)
	<u>2,402,922</u>	<u>1,009,697</u>	<u>3,412,619</u>	<u>3,497,738</u>

18. MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	991,755	309,829	1,301,584
Designated funds			
Revaluation Reserve Fund	<u>1,496,286</u>	<u>(394,948)</u>	<u>1,101,338</u>
	<u>2,488,041</u>	<u>(85,119)</u>	<u>2,402,922</u>

ELM TREES RETIREMENT LIVING LIMITED

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

Endowment funds

Designated funds

Permanent Endowment Revaluation Reserve Fund	885,480	-	885,480
Permanent Endowment Property Equity Fund	<u>124,217</u>	<u>-</u>	<u>124,217</u>
	<u>1,009,697</u>	<u>-</u>	<u>1,009,697</u>
TOTAL FUNDS	<u><u>3,497,738</u></u>	<u><u>(85,119)</u></u>	<u><u>3,412,619</u></u>

Net movement in funds, included in the above are as follows:

	Incoming Resources	Resources expended	Transfers	Movement in Funds
	£	£	£	£
Unrestricted funds				
General fund	431,296	(516,415)	394,948	309,829
Revaluation fund	-	-	(394,948)	(394,948)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Endowment funds				
Permanent Endowment Equity Fund	-	-	-	-
Permanent Endowment Reserve Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>430,296</u></u>	<u><u>(516,415)</u></u>	<u><u>-</u></u>	<u><u>(85,119)</u></u>

Purpose of funds:-

Revaluation reserve

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which the Charity's properties exceed their historical cost. The transfer relates to the property sold during the year and releasing the revaluation amount relating to this property.

Permanent endowment fund

This fund represents the capital value of the Jane Gillitt property as the charity is entitled to use the income it generates but are not entitled to the capital. This fund is split between the property equity fund which represents the original cost of the property including property additions and the revaluation fund which shows the revalued element.

ELM TREES RETIREMENT LIVING LIMITED

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

19. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	-	229,141

The above commitment will be met by agreed funding with Lloyds Bank Plc, along with the Society's own cash reserves.