

Charity registration number 220392

Company registration number 00738023 (England and Wales)

ELM TREES RETIREMENT LIVING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

ELM TREES RETIREMENT LIVING LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Executive Committee	Mrs C Rodwell	(Appointed 17 November 2021)
	Mr J West	
	Ms E Burns	
	Mrs S Love	
	Mrs J Giles	
	Mr A Whyton	(Appointed 22 April 2022)
Charity number	220392	
Company number	00738023	
Regulator of Social Housing Number	HO374	
Registered office	50 St Edwards Road Southsea Hampshire PO5 3DJ	
Auditor	Leonard Gold Chartered Accountants 24 Landport Terrace Portsmouth Hampshire England PO1 2RG	

ELM TREES RETIREMENT LIVING LIMITED

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ELM TREES RETIREMENT LIVING LIMITED

EXECUTIVE COMMITTEE REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Executive Committee of Elm Trees Retirement Living Limited present their annual report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note one to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 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 (FRS 102)" (effective 1 January 2019).

Objectives and activities

The objectives of the Charity are set out in the Mission Statement. These include the provision and management of properties, amenities and services which support independent living for those aged 55 and over.

The Charity shall have the power to do all the things necessary, or expedient, for the fulfilment of its objectives.

The Executive Committee have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

In November 2021, Ms C Rodwell was elected onto the Committee, and subsequently elected as Chairperson. She has considerable relevant experience, having previously been a Committee Member of the charity and is also currently a Chairperson of another similar charity. Ms Rodwell has brought a renewed professionalism and energy to the Committee.

Investment Performance

Under the Memorandum and Articles of Association, the Charity has the power to make any investments that the Executive Committee sees fit.

Financial review

The Board continues 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. Covid arrangements have continued in line with the Government guidelines.

The recruitment of new residents has continued, however, there was, understandably, a noticeable reduction in the number of applications as a result of the Covid 19 concerns. The Executive Committee with the energetic support of the General Manager have introduced revised advertising methods which are now showing an improvement in the situation and a number of new residents have signed up to move in since January 2022.

Financially, the result of the reduction in resident numbers and the cost of Covid related PPE has been difficult. However, a rigorous review of expenditure has started to show improvements.

In November 2018, a replacement contractor was appointed to construct Myfanwy House, after Herbert H Drew, 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 Charity in August 2020 and residents moved into their new home in September. The Charity submitted a 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. A previous Committee member who had been handling these arrangements has now retired and Mr J West has taken over the interface role and believes the Charity now have a more realistic view of the situation. The Committee still await the liquidators' report which was due May/June 2021. There has been some progress with regard to another 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 liability to both attract new residents, and to remain viable.

The Committee 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.

EXECUTIVE COMMITTEE REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Future Plans

The Executive Committee are committed to the longevity of the Charity. Accordingly, they have recently adopted a Strategic Plan and an Action Plan to enable the Charity to regain financial accountability for the Charity's future viability and continue to provide supported sheltered housing to as many elderly persons as needed within our local community.

To achieve this aim, a plan to sell one of our properties has been taken to allow us to reduce overhead expenditure, repay one of our bank loans early, and reduce some labour and maintenance costs to one property.

Practical cost-cutting exercises have been undertaken across all our properties, which have proven effective.

We have received considerable help with our plans from our bankers, Lloyds. Agreed payment holidays to our loans have given us time to adjust and review our financial situation. We anticipate that this support from Lloyds will continue whilst we dispose of one property, after that for three months, or until we become more cash fluid. We appreciate this support.

We feel that the plans outlined in our Strategic Plan will be effective. The very nature of our business activity relies on attracting residents. Whilst we continue to advertise and seek to increase our occupancy rate, our only income stream, we do see post the Covid-19 pandemic an increase in enquiries from local people to become residents.

The Executive Committee have considered all options to them, we have received professional help and advice from Accountants and business consultants and are confident that our actions will bring Elm Trees Retirement Living Limited back into profitability in the foreseeable future.

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 minimized 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.

Structure, governance and management

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.

The Executive Committee, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs C Rodwell	(Appointed 17 November 2021)
Mr J West	
Ms E Burns	
Mrs S Love	
Mr J Giles	
Mr A Whyton	(Appointed 22 April 2022)
Mr T Biddle	(Resigned 14 January 2022)

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

The Executive Committee, which can have between three and eighteen members, administers the Charity. The Committee have appointed a General manager to manage the day to day operations of the Charity under the supervision of the Executive Committee. The Committee have delegated authority of operational matters to the administration staff.

ELM TREES RETIREMENT LIVING LIMITED

EXECUTIVE COMMITTEE REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 encouraged to attend appropriate external training events where these facilitate the undertaking of the role.

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.

Statement of Executive Committee responsibilities

The Executive Committee, who are also the directors of Elm Trees Retirement Living Limited for the purpose of company law, are responsible for preparing the Executive Committee Report 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Executive Committee are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Auditor

In accordance with the company's articles, a resolution proposing that Leonard Gold Chartered Accountants be reappointed as auditor of the company will be put at a General Meeting.

Statement as to Disclosure to our Auditors

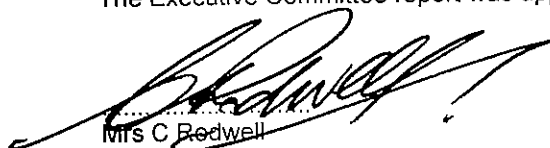
So far as the Executive Committee are aware:

- 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.

ELM TREES RETIREMENT LIVING LIMITED

EXECUTIVE COMMITTEE REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

The Executive Committee report was approved by the Board of Executive Committee.



Mrs C Redwell
Committee Member

Date: 16 September 2022

ELM TREES RETIREMENT LIVING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE EXECUTIVE COMMITTEE OF ELM TREES RETIREMENT LIVING LIMITED

Opinion

We have audited the financial statements of Elm Trees Retirement Living Limited (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity 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 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.

Material uncertainty related to going concern

We draw attention to Note 22 in the financial statements, which indicates that the charity incurred a net deficit of £51,285 during the year ended 31 December 2021, and as that date, the charity's current liabilities exceeded its current assets by £124,674. As stated in Note 22 and the Future Plans section of the Executive Committee Report, this situation, along with other matters set forth in Note 22 indicate that a material uncertainty exists that may cast significant doubt on the Charity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The executive committee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the executive committees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included with the executive committees' report has been prepared in accordance with applicable legal requirements.

ELM TREES RETIREMENT LIVING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE EXECUTIVE COMMITTEE OF ELM TREES RETIREMENT LIVING LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the executive committees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Executive Committee report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Executive Committee

As explained more fully in the statement of executive committees' responsibilities, the executive committee members, who are also the directors of the charity for the purpose of company law, 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 executive committee 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 executive committee are responsible for assessing the charity'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 Executive Committee either intend to liquidate the charitable company 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 auditor's 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.

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.

ELM TREES RETIREMENT LIVING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE EXECUTIVE COMMITTEE OF ELM TREES RETIREMENT LIVING LIMITED

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;
- 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Leonard Gold

Julie Watts (Senior Statutory Auditor)
for and on behalf of Leonard Gold Chartered Accountants

16 September 2022

Chartered Accountants

24 Landport Terrace
Portsmouth
Hampshire
England
PO1 2RG

ELM TREES RETIREMENT LIVING LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

Current financial year

	Notes	Unrestricted funds 2021 £	Endowment funds 2021 £	Total 2021 £	Total 2020 £
<u>Income and endowments from:</u>					
Donations and legacies	3	-	-	-	20,208
Charitable activities	4	447,549	-	447,549	402,321
Investments	5	3	-	3	27
Other income	6	-	-	-	8,740
Total income		<u>447,552</u>	<u>-</u>	<u>447,552</u>	<u>431,296</u>
<u>Expenditure on:</u>					
Charitable activities	7	<u>498,837</u>	<u>-</u>	<u>498,837</u>	<u>516,415</u>
Net outgoing resources		(51,285)	-	(51,285)	(85,119)
<u>Other recognised gains and losses</u>					
Revaluation of tangible fixed assets		<u>41,397</u>	<u>725,000</u>	<u>766,397</u>	<u>-</u>
Net movement in funds		(9,888)	725,000	715,112	(85,119)
Fund balances at 1 January 2021		<u>2,402,922</u>	<u>1,009,697</u>	<u>3,412,619</u>	<u>3,497,738</u>
Fund balances at 31 December 2021		<u><u>2,393,034</u></u>	<u><u>1,734,697</u></u>	<u><u>4,127,731</u></u>	<u><u>3,412,619</u></u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

ELM TREES RETIREMENT LIVING LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

Prior financial year

		Unrestricted funds 2020 £	Endowment funds 2020 £	Total 2020 £
	Notes			
<u>Income and endowments from:</u>				
Donations and legacies	3	20,208	-	20,208
Charitable activities	4	402,321	-	402,321
Investments	5	27	-	27
Other income	6	8,740	-	8,740
Total income		431,296	-	431,296
<u>Expenditure on:</u>				
Charitable activities	7	516,415	-	516,415
Net outgoing resources		(85,119)	-	(85,119)
<u>Other recognised gains and losses</u>				
Revaluation of tangible fixed assets		-	-	-
Net movement in funds		(85,119)	-	(85,119)
Fund balances at 1 January 2020		2,488,041	1,009,697	3,497,738
Fund balances at 31 December 2020		2,402,922	1,009,697	3,412,619

ELM TREES RETIREMENT LIVING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		5,628,005		4,856,860
Current assets					
Stocks		753		753	
Debtors	12	4,689		7,722	
Cash at bank and in hand		6,486		57,488	
			11,928		65,963
Creditors: amounts falling due within one year	14	(136,602)		(137,982)	
Net current liabilities			(124,674)		(72,019)
Total assets less current liabilities			5,503,331		4,784,841
Creditors: amounts falling due after more than one year	15		(1,375,600)		(1,372,222)
Net assets			4,127,731		3,412,619
Capital funds					
<u>Endowment funds</u>					
Property equity funds		124,217		124,217	
Revaluation reserve		1,610,480		885,480	
	16		1,734,697		1,009,697
Income funds					
<u>Unrestricted funds</u>					
General unrestricted funds	17	1,250,299		1,301,584	
Revaluation reserve		1,142,735		1,101,338	
			2,393,034		2,402,922
			4,127,731		3,412,619

ELM TREES RETIREMENT LIVING LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2021

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Executive Committee on 16 September 2022


.....
Mrs C. Rodwell
Committee Member


.....
Mr J. West
Committee Member

Company registration number 00738023

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity 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 numbers and registered office can be found in the Legal and Administration section of these financial statements.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 (FRS 102)" (effective 1 January 2019), the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010 and with the Accounting Requirements for Registered Social Landlords General Determination 2015.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties.

The principal accounting policies adopted are set out below.

1.2 Charitable funds

Unrestricted funds are available for use at the discretion of the Executive Committee in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.3 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.

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes the cost of running the charity's properties and their associated support costs.

Other expenditure represents those items 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 office costs, finance and governance costs.

1.5 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	No depreciation
Fixtures and fittings	10-100% on cost depending on the assets expected life

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

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 these developments has been reduced by the grant received. Whilst SHG has been treated as a grant it is repayable under certain circumstances, primarily following the sale of a property.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Stocks

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

1.8 Cash and cash equivalents

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

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Taxation

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

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged to the Statement of Financial Activities in the period to which they relate.

1.13 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.

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Executive Committee are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Total Unrestricted funds general	
	2021	2020
	£	£
Donations and gifts	-	20,208

4 Charitable activities

	Charitable Income 2021	Charitable Income 2020
	£	£
Charitable rental income	447,549	402,321

5 Investments

	Unrestricted funds general	Unrestricted funds general
	2021	2020
	£	£
Interest receivable	3	27

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Other income

	Total Unrestricted funds general
	2021 £
	2020 £
Net gain on disposal of tangible fixed assets	- 1,000
Other income	- 7,740
	<u>- 8,740</u>

7 Charitable activities

	Charitable Expenditure 2021 £	Charitable Expenditure 2020 £
Staff costs	219,510	218,767
Depreciation and impairment	4,537	26,383
Food and household expenses	39,250	37,587
Rates	11,713	11,190
Light, heat and water	42,063	38,206
Motor expenses (lease, insurance and tax)	6,187	4,828
Insurance	11,791	11,290
Telephone	6,741	6,904
Office accountant	7,199	7,474
Repairs	64,702	62,325
Postage, stationery and advertising	11,891	18,804
Executive committee mileage	149	1,709
Professional fees	-	8,775
Computer expenses	2,829	3,515
Bank loan interest	51,009	46,565
Myfanwy security costs	-	5,208
Sundry expenses	5,924	1,563
	<u>485,495</u>	<u>511,093</u>
Share of governance costs (see note 8)	13,342	5,322
	<u>498,837</u>	<u>516,415</u>

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Audit fees	-	6,760	6,760	-	6,594	6,594
Legal and professional	-	5,542	5,542	-	-	-
Bank charges	-	1,040	1,040	-	1,008	1,008
Affiliation fees	-	-	-	-	(2,280)	(2,280)
	-	13,342	13,342	-	5,322	5,322
Analysed between Charitable activities	-	13,342	13,342	-	5,322	5,322

9 Executive Committee

None of the Executive Committee (or any persons connected with them) received any remuneration or benefits from the charity during the year.

Expenses were reimbursed to a committee member of £149 for mileage. (2020 : £1,709).

10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	12	13
Employment costs	2021 £	2020 £
Wages and salaries	204,174	205,343
Social security costs	12,007	10,567
Other pension costs	3,329	2,857
	219,510	218,767

There were no employees whose annual remuneration was more than £60,000.

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2021	5,124,420	126,096	5,250,516
Additions	9,183	104	9,287
Grants received	(293,167)	(2,370)	(295,537)
Revaluation	766,397	-	766,397
	<u>5,606,833</u>	<u>123,830</u>	<u>5,730,663</u>
At 31 December 2021			
Depreciation and impairment			
At 1 January 2021	-	98,121	98,121
Depreciation charged in the year	-	4,537	4,537
	<u>-</u>	<u>102,658</u>	<u>102,658</u>
At 31 December 2021			
Carrying amount			
At 31 December 2021	<u>5,606,833</u>	<u>21,172</u>	<u>5,628,005</u>
At 31 December 2020	<u>4,828,883</u>	<u>27,977</u>	<u>4,856,860</u>

The properties were revalued during January 2018 by independent valuers Savills on a market value basis. The Executive Committee have carried out a review of this earlier valuation and have now updated the valuations within these financial statements to reflect what they believe to be are current market values of the properties within their portfolio. The historical cost of the properties if they were not revalued is £295,015.

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	3,342	846
Other debtors	-	4,662
Prepayments and accrued income	1,347	2,214
	<u>4,689</u>	<u>7,722</u>

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	21,027	-
Bank loans	1,456,518	1,425,000
	<u>1,477,545</u>	<u>1,425,000</u>
Payable within one year	101,945	52,778
Payable after one year	<u>1,375,600</u>	<u>1,372,222</u>
Amounts included above which fall due after five years:		
Payable by instalments	<u>(1,051,930)</u>	<u>(1,055,556)</u>

The balances 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.

Secured Debts

The bank loans are secured against the Charity's four properties, there is also an unlimited fixed and floating charge.

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	13	101,945	52,778
Other taxation and social security		6,858	5,775
Trade creditors		15,284	66,734
Accruals and deferred income		12,515	12,695
		<u>136,602</u>	<u>137,982</u>

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	13	<u>1,375,600</u>	<u>1,372,222</u>

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income.

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.

	Balance at 1 January 2020	Movement in funds					Movement in funds					Balance at 31 December 2021
		Incoming resources	Resources expended	Transfers	Revaluations gains and losses	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	Revaluations gains and losses		
	£	£	£	£	£	£	£	£	£	£	£	
Permanent endowments												
Property Equity Fund	124,217	-	-	-	-	124,217	-	-	-	-	124,217	
Revaluation Reserve	885,480	-	-	-	-	885,480	-	-	-	725,000	1,610,480	
											-	
	1,009,697	-	-	-	-	1,009,697	-	-	-	725,000	1,734,697	

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Designated 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.

	Balance at 1 January 2020	Movement In funds Incoming resources	Balance at 1 January 2021	Movement In funds Revaluation	Balance at 31 December 2021
	£	£	£	£	£
Revaluation Reserve	1,101,338	-	1,101,338	41,397	1,142,735
	<u>1,101,338</u>	<u>-</u>	<u>1,101,338</u>	<u>41,397</u>	<u>1,142,735</u>

18 Analysis of net assets between funds

	Unrestricted funds 2021 £	Endowment funds 2021 £	Total Unrestricted funds 2021 £	Endowment funds 2020 £	Total 2020 £
Fund balances at 31 December 2021 are represented by:					
Tangible assets	3,516,970	1,009,697	5,628,005	2,745,825	4,856,860
Current assets/(liabilities)	(124,674)	-	(124,674)	(72,019)	(72,019)
Long term liabilities	(1,375,600)	-	(1,375,600)	(1,372,222)	(1,372,222)
	<u>2,016,696</u>	<u>1,009,697</u>	<u>4,127,731</u>	<u>1,301,584</u>	<u>3,412,619</u>

19 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	-	1,886
Between two and five years	10,604	-
	<u>10,604</u>	<u>1,886</u>

20 Capital commitments

At 31 December 2021 the charity had no capital commitments (2020 : Nil).

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

21 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

22 Going Concern

As discussed within the future plans section of the Executive Committee Report, they have been assessing the future financial viability of the Charity and given the deficit for the year of £51,285 and the net working capital deficit of £124,674 at 31 December 2021 a Strategic Plan and Action Plan has been prepared and submitted to the Charity's Bankers, Lloyds. The Executive Committee are working with the Bankers in the short term to enable ongoing support to be given whilst the Action Plan is worked through, which it is then hoped will ensure the future of the Charity.