

REGISTERED COMPANY NUMBER: 00738023 (England and Wales)  
REGISTERED CHARITY NUMBER: 220392

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
FOR  
ELM TREES RETIREMENT LIVING LIMITED**

**ELM TREES RETIREMENT LIVING LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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# **ELM TREES RETIREMENT LIVING LIMITED**

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

The trustees 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 2022. The trustees have adopted the provisions of 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**

#### **Objectives and aims**

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 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**

Elm Trees continued to provide a high standard of service to its residents during the period despite the upheaval resulting from Covid in previous periods and the ever increasing living costs. The lack of new residents remained a concern and despite considerable efforts made by the General Manager and team to improve advertising, the occupancy levels never really improved, dropping to 64% at one point.

During the period, it became increasingly clear that significant action was required to maintain the long term viability of the Charity and the decision was made to sell one of its properties. The social and legal implications of this for the staff and residents were given careful consideration by the Board led by the HR Trustee. The staff were notified in December, but it was agreed to hold off from informing the residents until the New Year. However, plans were put in place.

A decision was made to change Accountants to Morris Crocker to take advantage of their experience of supporting charities.

The situation with regard to the claim made as a result of the liquidation of Herbert H Drew, was largely unchanged during the year. Elm Trees continues to press for resolution via the Liquidator.

#### **Public benefit**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The trustees refer to public benefit throughout this report.

## **ELM TREES RETIREMENT LIVING LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **FINANCIAL REVIEW**

The Statement of Financial Activities reports net expenditure of £38,544 (2021: £51,285) of which £nil (2021: £nil) is restricted net expenditure. At the 31st December 2022 the total unrestricted reserves of the charity stood at £2,354,490 (2021: £2,393,034), endowment funds stood at £1,734,697 (2021: £1,734,697) and restricted funds of £nil (2021: £nil).

The Board increased its efforts to identify, review and improve its financial position, an activity strongly supported by the addition of a professional accountant as a new Trustee. This required improved financial reporting and modelling eg in budgeting, cashflow etc. Although improvements were made, it became clear that they were insufficient to guarantee the long term viability of the Charity and that the only way forward was to sell one of its assets.

Lloyds bank were very supportive throughout this difficult period. They agreed to a monthly overdraft (tightly controlled) and to accept a repayment 'holiday' on the two loans (only paying interest) which was reviewed quarterly. They requested a Strategy and Action plan to be produced which has been regularly reviewed and updated. This was also used to form the basis of this Annual Report.

After considering a number of options, a decision to sell Redbridge House was made on 16.9.22.

#### **Future Plans**

It is proposed to carry out the following activities in 2023:-

- to relocate the residents and staff, who wish to stay with Elm Trees, to other properties.
- to vacate Redbridge by February 2023, then to sell the property by auction as was done with a previous property, Fordham.
- to work with Lloyds on loan repayment options.
- to continue the financial review activities, supported by Morris Crocker, to determine the best options post the sale of Redbridge.

#### **Risk Management**

The Executive Committees 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**

##### **Governing document**

Elms 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 also registered with the Regulator of Social Housing. In the vent 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
- 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 member, administers the Charity. The committee have appointed a General Manager the day to operations of the Charity under the supervision of the Executive Committee. The Committee have delegated authority of operational matters to the administration staff.

##### **Induction and training of new trustees**

New committee members undergo an orientation period to brief them on the 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.

# **ELM TREES RETIREMENT LIVING LIMITED**

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
00738023 (England and Wales)

**Registered Charity number**  
220392

**Registered office**  
Jane Gillet House  
50 St. Edwards Road  
Southsea  
Portsmouth  
Hampshire  
PO5 3DJ

**Trustees**  
A Whyton (appointed 22.4.2022)  
C Rodwell  
Mrs S E Love  
J West  
Mrs J Giles  
E Burns

**Auditors**  
Morris Crocker Limited  
Chartered Accountants  
Statutory Auditors  
Station House  
North Street  
Havant  
Hampshire  
PO9 1QU

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

Company law requires the trustees 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 trustees 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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.

ELM TREES RETIREMENT LIVING LIMITED

REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2022

**STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Morris Crocker Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on ....26.5.2023..... and signed on its behalf by:



C Rodwell - Trustee

## **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 2022 which comprise the Statement of Financial Activities, the Balance Sheet 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 (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 2022 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.

### **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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We draw attention to note 24 in the financial statements, which indicates that the charity incurred a deficit of £38,544 during the year ended 31 December 2022, and at that date, the charity's current liabilities exceeded its current assets by £250,412. As stated in note 24 and the future plans section of the trustees report, the situation, along with other matters set fourth in note 24 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 as 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 trustees 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, except to the extent otherwise explicitly stated in our report, 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 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.

### **Opinions 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (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, and for such internal control as the trustees 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 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.



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

### **Our 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures inline 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:

From discussion with management and those charged with governance information about the entity is documented to assess the activity within the organisation. We discuss managements assessment of risk in respect of irregularities, fraud and going concern.

Based on these discussions and our own assessments we determined that the key risk areas were income recognition in respect of cut off issues concerning income recognition and management override concerning the size of the organisation.

We set financial statement materiality level based on the level of income. As a not for profit organisation raising income is its primary focus which is why income was used to determine the level of materiality. Our overall assessment of risk was used to determine performance materiality at an appropriate level.

Substantive audit tests were designed after assessing and testing systems and controls. The systems and controls which have been designed to act as a preventative measure against fraud and error were operating as documented. Substantive testing tested a sample of the population, representative of the population, to identify errors. The testing did not identify any material misstatements in areas tested.

Audit substantive tests concluded no material errors over the key risk areas of income recognition and management override.

The audit considers the organisation is not exposed to material risk of error as a result of assessing laws and regulations that are appropriate to the organisation.

Management assessed there is no going concern risk.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

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

**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.



P Underwood (Senior Statutory Auditor)  
for and on behalf of Morris Crocker Limited  
Chartered Accountants  
Statutory Auditors  
Station House  
North Street  
Havant  
Hampshire  
PO9 1QU

Date: .....

*26 May 2023*

ELM TREES RETIREMENT LIVING LIMITED

STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds £	Endowment funds £	2022 Total funds £	2021 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	50	-	50	-
<b>Charitable activities</b>	5				
Sheltered accomodation for the active elderly		484,802	-	484,802	447,549
Investment income	4	3	-	3	3
<b>Total</b>		<u>484,855</u>	<u>-</u>	<u>484,855</u>	<u>447,552</u>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>	6				
Sheltered accomodation for the active elderly		<u>523,399</u>	<u>-</u>	<u>523,399</u>	<u>498,837</u>
<b>NET INCOME/(EXPENDITURE)</b>		(38,544)	-	(38,544)	(51,285)
<b>Other recognised gains/(losses)</b>					
Gains on revaluation of fixed assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>766,397</u>
<b>Net movement in funds</b>		<u>(38,544)</u>	<u>-</u>	<u>(38,544)</u>	<u>715,112</u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>2,393,034</u>	<u>1,734,697</u>	<u>4,127,731</u>	<u>3,412,619</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>2,354,490</u></u>	<u><u>1,734,697</u></u>	<u><u>4,089,187</u></u>	<u><u>4,127,731</u></u>

The notes form part of these financial statements

ELM TREES RETIREMENT LIVING LIMITED

**BALANCE SHEET**  
**31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	12	5,629,550	5,628,005
<b>CURRENT ASSETS</b>			
Stocks	13	-	753
Debtors	14	1,431	4,689
Cash at bank		2,519	6,486
		<u>3,950</u>	<u>11,928</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(254,362)	(139,012)
<b>NET CURRENT ASSETS</b>		<u>(250,412)</u>	<u>(127,084)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,379,138	5,500,921
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(1,289,951)	(1,373,190)
<b>NET ASSETS</b>		<u>4,089,187</u>	<u>4,127,731</u>
<b>FUNDS</b>	20		
Unrestricted funds		2,354,490	2,393,034
Endowment funds		1,734,697	1,734,697
<b>TOTAL FUNDS</b>		<u>4,089,187</u>	<u>4,127,731</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 26.05.2023 and were signed on its behalf by:

  
C Rodwell - Trustee

  
J West - Trustee

## ELM TREES RETIREMENT LIVING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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.

##### **Basis of preparing the financial statements**

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 historical cost convention, modified to include the revaluation of freehold properties.

The principle accounting policies adopted are set out below.

##### **Income**

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

Voluntary income including donations and legacies that are of 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.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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.

## ELM TREES RETIREMENT LIVING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES - continued

##### **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	10-33% on cost depending on the assets expected life

Individual fixed assets costing £500 or more are capitalised at cost.

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 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.

##### **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).

##### **Stocks**

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

##### **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.

##### **Taxation**

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

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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.

##### **Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable 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 2022

#### 1. ACCOUNTING POLICIES - continued

##### **Pension costs and other post-retirement benefits**

###### **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.

###### **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 a 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 new 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.

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022

3. DONATIONS AND LEGACIES

	2022 £	2021 £
Donations	50	-

4. INVESTMENT INCOME

	2022 £	2021 £
Deposit account interest	3	3

All investment income is derived from assets held in the United Kingdom.

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2022 £	2021 £
Charitable rental income	Sheltered accomodation for the active elderly	484,802	447,549

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Sheltered accomodation for the active elderly	450,403	72,996	523,399

7. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Sheltered accomodation for the active elderly	65,592	7,404	72,996

Support costs, included in the above, are as follows:

Finance

	2022 Sheltered accommodation for the active elderly £	2021 Total activities £
Bank charges	1,178	1,040
Bank loan interest	64,414	51,009
	65,592	52,049



ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022

7. SUPPORT COSTS - continued  
Governance costs

	2022 Sheltered accommodation for the active elderly £	2021  Total activities £
Auditors remuneration	6,000	-
Legal fees	904	5,542
Previous auditors remuneration	500	6,760
	<u>7,404</u>	<u>12,302</u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022 £	2021 £
Auditors remuneration	6,000	-
Depreciation - owned assets	3,939	4,537
Previous auditors remuneration	500	6,760
	<u></u>	<u></u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

Trustees' expenses

Expenses were reimbursed to a committee member of £nil for mileage. (2021: £149).

10. STAFF COSTS

	2022 £	2021 £
Wages and salaries	209,774	204,174
Social security costs	14,707	12,007
Other pension costs	3,200	3,329
	<u>227,681</u>	<u>219,510</u>

Included in staff costs are redundancy costs totalling £5,436 which were paid post year end and included in accruals as at 31 December 2022. The employees which these redundancy costs relate to were notified pre year end.

The average monthly number of employees during the year was as follows:

	2022	2021
Staff	<u>12</u>	<u>12</u>

No employees received emoluments in excess of £60,000.

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Endowment funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
<b>Charitable activities</b>			
Sheltered accomodation for the active elderly	447,549	-	447,549
Investment income	3	-	3
<b>Total</b>	<b>447,552</b>	<b>-</b>	<b>447,552</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Sheltered accomodation for the active elderly	498,837	-	498,837
<b>NET INCOME/(EXPENDITURE)</b>	<b>(51,285)</b>	<b>-</b>	<b>(51,285)</b>
<b>Other recognised gains/(losses)</b>			
Gains on revaluation of fixed assets	41,397	725,000	766,397
<b>Net movement in funds</b>	<b>(9,888)</b>	<b>725,000</b>	<b>715,112</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	2,402,922	1,009,697	3,412,619
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>2,393,034</b>	<b>1,734,697</b>	<b>4,127,731</b>

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Totals £
<b>COST</b>			
At 1 January 2022	5,606,833	123,830	5,730,663
Additions	5,484	-	5,484
Disposals	-	(7,706)	(7,706)
At 31 December 2022	5,612,317	116,124	5,728,441
<b>DEPRECIATION</b>			
At 1 January 2022	-	102,658	102,658
Charge for year	-	3,939	3,939
Eliminated on disposal	-	(7,706)	(7,706)
At 31 December 2022	-	98,891	98,891
<b>NET BOOK VALUE</b>			
At 31 December 2022	5,612,317	17,233	5,629,550
At 31 December 2021	5,606,833	21,172	5,628,005

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022

12. TANGIBLE FIXED ASSETS - continued

The properties were revalued during January 2018 by independent valuers Sallies 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.

13. STOCKS

	2022	2021
	£	£
Finished goods	-	753

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	1,431	3,342
Prepayments	-	1,347
	<u>1,431</u>	<u>4,689</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 17)	179,662	104,355
Trade creditors	14,807	15,284
Social security and other taxes	20,081	6,858
Other creditors	6,000	-
Accruals and deferred income	33,812	12,515
	<u>254,362</u>	<u>139,012</u>

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

	2022	2021
	£	£
Bank loans (see note 17)	<u>1,289,951</u>	<u>1,373,190</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Bank overdrafts	19,950	21,027
Bank loans	159,712	83,328
	<u>179,662</u>	<u>104,355</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>83,329</u>	<u>83,231</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>249,984</u>	<u>333,321</u>

**ELM TREES RETIREMENT LIVING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**17. LOANS - continued**

	2022 £	2021 £
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	956,638	956,638

The balances above represent 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.

**18. LEASING AGREEMENTS**

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

	2022 £	2021 £
Within one year	3,856	3,856
Between one and five years	3,856	6,748
	<u>7,712</u>	<u>10,604</u>

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds £	Endowment funds £	2022 Total funds £	2021 Total funds £
Fixed assets	3,894,853	1,734,697	5,629,550	5,628,005
Current assets	3,950	-	3,950	11,928
Current liabilities	(254,362)	-	(254,362)	(139,012)
Long term liabilities	(1,289,951)	-	(1,289,951)	(1,373,190)
	<u>2,354,490</u>	<u>1,734,697</u>	<u>4,089,187</u>	<u>4,127,731</u>

**20. MOVEMENT IN FUNDS**

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
<b>Unrestricted funds</b>			
General fund	1,250,299	(38,544)	1,211,755
Revaluation reserve	1,142,735	-	1,142,735
	<u>2,393,034</u>	<u>(38,544)</u>	<u>2,354,490</u>
<b>Endowment funds</b>			
Property equity fund	124,217	-	124,217
Revaluation reserve	1,610,480	-	1,610,480
	<u>1,734,697</u>	<u>-</u>	<u>1,734,697</u>
<b>TOTAL FUNDS</b>	<u>4,127,731</u>	<u>(38,544)</u>	<u>4,089,187</u>

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022

20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	484,855	(523,399)	(38,544)
<b>TOTAL FUNDS</b>	<u>484,855</u>	<u>(523,399)</u>	<u>(38,544)</u>

Comparatives for movement in funds

	At 1.1.21 £	Net movement in funds £	At 31.12.21 £
<b>Unrestricted funds</b>			
General fund	1,301,584	(51,285)	1,250,299
Revaluation reserve	1,101,338	41,397	1,142,735
	<u>2,402,922</u>	<u>(9,888)</u>	<u>2,393,034</u>
<b>Endowment funds</b>			
Property equity fund	124,217	-	124,217
Revaluation reserve	885,480	725,000	1,610,480
	<u>1,009,697</u>	<u>725,000</u>	<u>1,734,697</u>
<b>TOTAL FUNDS</b>	<u>3,412,619</u>	<u>715,112</u>	<u>4,127,731</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	447,552	(498,837)	-	(51,285)
Revaluation reserve	-	-	41,397	41,397
	<u>447,552</u>	<u>(498,837)</u>	<u>41,397</u>	<u>(9,888)</u>
<b>Endowment funds</b>				
Revaluation reserve	-	-	725,000	725,000
<b>TOTAL FUNDS</b>	<u>447,552</u>	<u>(498,837)</u>	<u>766,397</u>	<u>715,112</u>

**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.

**ELM TREES RETIREMENT LIVING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**21. CAPITAL COMMITMENTS**

At 31 December 2022 the charity had no capital commitments (2021: Nil).

**22. RELATED PARTY TRANSACTIONS**

During the year, Carole Rodwell, one of the trustees lent the charity £6,000 to pay a supplier. As at 31 December 2022 this loan had not been repaid and is included in other creditors.

There were no related party transactions requiring disclosure in the year to 31 December 2021.

The total remuneration and benefits of the key management personnel of the charity, which consists of the trustees and the Group Manager was £53,886 (2021: £59,713).

**23. ULTIMATE CONTROLLING PARTY**

The charitable company is not under the control of another entity or any one individual.

**24. GOING CONCERN**

As discussed within the future plans section of the Report of the Trustees, the Trustees have been assessing the future financial viability of the Charity given the deficit for the year of £38,544 (2021: £51,285) and the net working capital deficit of £250,412 (2021: £127,084) at 31 December 2022. A Strategic Plan and Action Plan was prepared and submitted to the Charity's Bankers, Lloyds. After considering a number of options, a decision to sell Redbridge House was made on 16 September 2022, with the bank loan balances to be partly repaid after the sale to reduce the net working capital deficit of the Charity.

We have reviewed budgets which indicate that subject to the property being sold, and after the partial repayment of the bank loans and the cost savings from the sale of the property, it indicates the charity can continue to operate for a further 12 months from the approval of these accounts and therefore the accounts have been prepared on a going concern basis.