

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

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
FOR
ELM TREES RETIREMENT LIVING LIMITED**

ELM TREES RETIREMENT LIVING LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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ELM TREES RETIREMENT LIVING LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023. 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 ever increasing living costs.

The Trustees regularly review the financial situation and were pleased to see an overall improvement over the year.

A significant achievement has been the increase in occupancy levels from a low of 64% in 2022 to the current 90+%. This healthy position is expected to continue or improve further for the foreseeable future.

Having taken the decision to sell Redbridge at the end of 2022 and despite considerable effort on behalf of the Trustees and the Estate Agents, the sale has not yet materialised, undoubtedly because of the current state of the market. Although a number of what-if scenarios have been considered there appears to be little more that can be done until the market starts to recover. A further complication was uncovered during the process, in that a grant from Homes England was found to be extant on the property which was not registered in any of the extant Elm Trees paperwork.

Lloyds bank have remained very supportive over the last year, providing on-going loan 'holidays' and a temporary overdraft facility. Plans are in place to reduce the level of loan support required once Redbridge is sold. The dependency on the overdraft has reduced as the occupancy rate has improved.

The claim on HH Drew resulting from their insolvency during the build of Myfanwy House has now been settled by the Liquidator at which resulted in a payment made in October. This has been assimilated into the finances and used to build up reserves and update pay arrangements.

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 2023

FINANCIAL REVIEW

The Statement of Financial Activities reports net expenditure of £53,670 (2022: net expenditure £38,544) of which £nil (2022: £nil) is restricted net expenditure. At the 31st December 2023 the total unrestricted reserves of the charity stood at £2,300,820 (2022: £2,354,490), endowment funds stood at £1,734,697 (2022: £1,734,697) and restricted funds of £nil (2022: £nil).

The Board increased its efforts to identify, review and improve its financial position. 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. However, this sale has not yet gone through and we are hoping that this will be finalised in 2024.

Future Plans

It is proposed to carry out the following activities in 2024:-

- to continue efforts to improve occupancy levels.
- to work with Lloyds on loan repayment options.
- to identify potential options for reducing loans with the proceeds of the sale of Redbridge House.
- Investigate options for the future of Redbridge
- Identify options for improving funding

Risk Management Committee

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 members, 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 2023

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 (resigned 17.7.2023)
C Rodwell
Mrs S E Love (resigned 12.4.2024)
J West
Mrs J Giles
E Burns

Chief Executive

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 2023**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

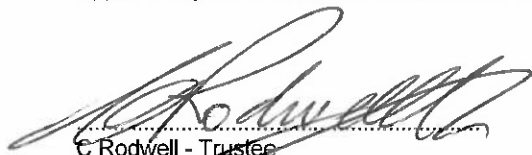
In so far as the trustees are aware:

- 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 10 May 2024 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 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2023 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 £53,670 during the year ended 31 December 2023, and at that date, the charity's current liabilities exceeded its current assets by £202,264. As stated in note 24 and the future plans section of the trustees report, the situation, along with other matters set forth 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:

From discussion with management and those charged with governance information about the entity is documented to assess the activity within the organisation. We discuss management's 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 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 performing walkthrough tests. The walkthrough testing confirmed documented systems which have been designed to act as a preventative measure against fraud and error which appear to be 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. 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:

24 June 2024

ELM TREES RETIREMENT LIVING LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Unrestricted funds £	Endowment funds £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	52	-	52	50
Charitable activities	5				
Sheltered accomodation for the active elderly		511,998	-	511,998	484,802
Investment income	4	52	-	52	3
Total		<u>512,102</u>	<u>-</u>	<u>512,102</u>	<u>484,855</u>
EXPENDITURE ON					
Raising funds	6	71,016	-	71,016	-
Charitable activities	7				
Sheltered accomodation for the active elderly		494,756	-	494,756	523,399
Total		<u>565,772</u>	<u>-</u>	<u>565,772</u>	<u>523,399</u>
NET INCOME/(EXPENDITURE)		(53,670)	-	(53,670)	(38,544)
RECONCILIATION OF FUNDS					
Total funds brought forward		2,354,490	1,734,697	4,089,187	4,127,731
TOTAL FUNDS CARRIED FORWARD		<u><u>2,300,820</u></u>	<u><u>1,734,697</u></u>	<u><u>4,035,517</u></u>	<u><u>4,089,187</u></u>

The notes form part of these financial statements

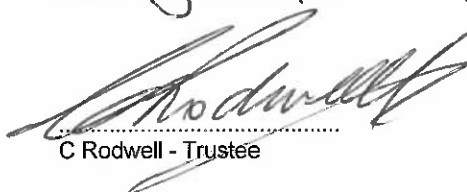
ELM TREES RETIREMENT LIVING LIMITED

**BALANCE SHEET
31 DECEMBER 2023**

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	13	5,527,732	5,629,550
CURRENT ASSETS			
Debtors	14	1,475	1,431
Cash at bank		21,437	2,519
		<u>22,912</u>	<u>3,950</u>
CREDITORS			
Amounts falling due within one year	15	(225,176)	(254,362)
NET CURRENT ASSETS		<u>(202,264)</u>	<u>(250,412)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,325,468	5,379,138
CREDITORS			
Amounts falling due after more than one year	16	(1,289,951)	(1,289,951)
NET ASSETS		<u>4,035,517</u>	<u>4,089,187</u>
FUNDS	20		
Unrestricted funds		2,300,820	2,354,490
Endowment funds		1,734,697	1,734,697
TOTAL FUNDS		<u>4,035,517</u>	<u>4,089,187</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 10 May 2024 and were signed on its behalf by:


C Rodwell - Trustee


J West - Trustee

The notes form part of these financial statements

ELM TREES RETIREMENT LIVING LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	121,328	67,005
Interest paid		(88,497)	(64,414)
Net cash provided by operating activities		<u>32,831</u>	<u>2,591</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(5,484)
Interest received		52	3
Net cash provided by/(used in) investing activities		<u>52</u>	<u>(5,481)</u>
Change in cash and cash equivalents in the reporting period		<u>32,883</u>	<u>(2,890)</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>(17,431)</u>	<u>(14,541)</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>15,452</u></u>	<u><u>(17,431)</u></u>

The notes form part of these financial statements

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(53,670)	(38,544)
Adjustments for:		
Depreciation charges	3,905	3,939
Interest received	(52)	(3)
Interest paid	88,497	64,414
Devaluation of property	26,897	-
Impairment of property	71,016	-
Decrease in stocks	-	753
(Increase)/decrease in debtors	(44)	3,258
(Decrease)/increase in creditors	(15,221)	33,188
Net cash provided by operations	<u>121,328</u>	<u>67,005</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Notice deposits (less than 3 months)	21,437	2,519
Overdrafts included in bank loans and overdrafts falling due within one year	(5,985)	(19,950)
Total cash and cash equivalents	<u>15,452</u>	<u>(17,431)</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.23 £	Cash flow £	At 31.12.23 £
Net cash			
Cash at bank	2,519	18,918	21,437
Bank overdraft	(19,950)	13,965	(5,985)
	<u>(17,431)</u>	<u>32,883</u>	<u>15,452</u>
Debt			
Debts falling due within 1 year	(254,362)	29,186	(225,176)
Debts falling due after 1 year	(1,289,951)	-	(1,289,951)
	<u>(1,544,313)</u>	<u>29,186</u>	<u>(1,515,127)</u>
Total	<u>(1,561,744)</u>	<u>62,069</u>	<u>(1,499,675)</u>

The notes form part of these financial statements

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 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.

Tangible fixed assets

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

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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).

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.

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.

ELM TREES RETIREMENT LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES - continued

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 2023**

3. DONATIONS AND LEGACIES			
		2023	2022
		£	£
Donations		52	50
		<u>52</u>	<u>50</u>
4. INVESTMENT INCOME			
		2023	2022
		£	£
Deposit account interest		52	3
		<u>52</u>	<u>3</u>
All investment income is derived from assets held in the United Kingdom.			
5. INCOME FROM CHARITABLE ACTIVITIES			
		2023	2022
		£	£
Charitable rental income	Activity Sheltered accomodation for the active elderly	511,998	484,802
		<u>511,998</u>	<u>484,802</u>
6. RAISING FUNDS			
Other trading activities			
		2023	2022
		£	£
Impairment losses		71,016	-
		<u>71,016</u>	<u>-</u>
7. CHARITABLE ACTIVITIES COSTS			
		Direct Costs £	Support costs (see note 8) £
			Totals £
Sheltered accomodation for the active elderly		398,207	96,549
		<u>398,207</u>	<u>96,549</u>
8. SUPPORT COSTS			
		Finance £	Governance costs £
			Totals £
Sheltered accomodation for the active elderly		89,626	6,923
		<u>89,626</u>	<u>6,923</u>

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. SUPPORT COSTS - continued

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

Finance

	2023 Sheltered accommodation for the active elderly £	2022 Total activities £
Bank charges	1,129	1,178
Bank loan interest	88,497	64,414
	<u>89,626</u>	<u>65,592</u>

Governance costs

	2023 Sheltered accommodation for the active elderly £	2022 Total activities £
Auditors remuneration	6,240	6,000
Legal fees	683	904
Previous auditors remuneration	-	500
	<u>6,923</u>	<u>7,404</u>

9. NET INCOME/(EXPENDITURE)

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

	2023 £	2022 £
Auditors remuneration	6,240	6,000
Depreciation - owned assets	3,905	3,939
Previous auditors remuneration	-	500
	<u>10,145</u>	<u>10,439</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2023 nor for the year ended 31 December 2022.

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

Expenses were reimbursed to a committee member of £1,031 for mileage. (2022: £nil).

11. STAFF COSTS

	2023 £	2022 £
Wages and salaries	185,804	209,774
Social security costs	8,482	14,707
Other pension costs	3,091	3,200
	<u>197,377</u>	<u>227,681</u>

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

	2023	2022
Staff	<u>12</u>	<u>12</u>

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Endowment funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	50	-	50
Charitable activities			
Sheltered accommodation for the active elderly	484,802	-	484,802
Investment income	3	-	3
Total	<u>484,855</u>	<u>-</u>	<u>484,855</u>
EXPENDITURE ON			
Charitable activities			
Sheltered accommodation for the active elderly	523,399	-	523,399
NET INCOME/(EXPENDITURE)	(38,544)	-	(38,544)
RECONCILIATION OF FUNDS			
Total funds brought forward	2,393,034	1,734,697	4,127,731
TOTAL FUNDS CARRIED FORWARD	<u>2,354,490</u>	<u>1,734,697</u>	<u>4,089,187</u>

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Totals £
COST OR VALUATION			
At 1 January 2023	5,612,317	116,124	5,728,441
Revaluations	(26,897)	-	(26,897)
Impairments	(71,016)	-	(71,016)
At 31 December 2023	<u>5,514,404</u>	<u>116,124</u>	<u>5,630,528</u>
DEPRECIATION			
At 1 January 2023	-	98,891	98,891
Charge for year	-	3,905	3,905
At 31 December 2023	<u>-</u>	<u>102,796</u>	<u>102,796</u>
NET BOOK VALUE			
At 31 December 2023	<u>5,514,404</u>	<u>13,328</u>	<u>5,527,732</u>
At 31 December 2022	<u>5,612,317</u>	<u>17,233</u>	<u>5,629,550</u>

Cost or valuation at 31 December 2023 is represented by:

	Freehold property
Valuation in 2018	5,612,317
Valuation and impairment in 2023	(97,913)
	<u>5,514,404</u>

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.

In the 2024 year, the Redbridge Property will be sold for £711,000. Therefore, the carrying value of this property has been impaired to this value in the 2023 financial year.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	<u>1,475</u>	<u>1,431</u>

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 17)	165,697	179,662
Trade creditors	5,763	14,807
Social security and other taxes	4,804	20,081
Other creditors	18,464	6,000
Accruals and deferred income	30,448	33,812
	<u>225,176</u>	<u>254,362</u>

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

	2023	2022
	£	£
Bank loans (see note 17)	<u>1,289,951</u>	<u>1,289,951</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year on demand:		
Bank overdrafts	5,985	19,950
Bank loans	<u>159,712</u>	<u>159,712</u>
	<u>165,697</u>	<u>179,662</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>83,329</u>	<u>83,329</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>249,984</u>	<u>249,984</u>
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.

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. LEASING AGREEMENTS

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

	2023 £	2022 £
Within one year	3,856	3,856
Between one and five years	-	3,123
	<u>3,856</u>	<u>6,979</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Endowment funds £	2023 Total funds £	2022 Total funds £
Fixed assets	3,793,035	1,734,697	5,527,732	5,629,550
Current assets	22,912	-	22,912	3,950
Current liabilities	(225,176)	-	(225,176)	(254,362)
Long term liabilities	(1,289,951)	-	(1,289,951)	(1,289,951)
	<u>2,300,820</u>	<u>1,734,697</u>	<u>4,035,517</u>	<u>4,089,187</u>

20. MOVEMENT IN FUNDS

	At 1.1.23 £	Net movement in funds £	At 31.12.23 £
Unrestricted funds			
General fund	1,211,755	(53,670)	1,158,085
Revaluation reserve	1,142,735	-	1,142,735
	<u>2,354,490</u>	<u>(53,670)</u>	<u>2,300,820</u>
Endowment funds			
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>
TOTAL FUNDS	<u>4,089,187</u>	<u>(53,670)</u>	<u>4,035,517</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	512,102	(565,772)	(53,670)
	<u>512,102</u>	<u>(565,772)</u>	<u>(53,670)</u>
TOTAL FUNDS	<u>512,102</u>	<u>(565,772)</u>	<u>(53,670)</u>

ELM TREES RETIREMENT LIVING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.22 £	Net movement in funds £	At 31.12.22 £
Unrestricted funds			
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>
Endowment funds			
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>
TOTAL FUNDS	<u><u>4,127,731</u></u>	<u><u>(38,544)</u></u>	<u><u>4,089,187</u></u>

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

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

21. CAPITAL COMMITMENTS

At 31 December 2023 the charity had no capital commitments (2022: Nil).

22. RELATED PARTY TRANSACTIONS

During the year, Carole Rodwell, one of the trustees lent the charity £10,000 (2022: £6000) to pay a outstanding HMRC liability. As at 31 December 2023 the full loan amount of £16,000 has not been repaid and is included in other creditors.

The total remuneration and benefits of the key management personnel of the charity, which consists of the trustees and the Group Manager was £55,514 (2022: £53,886).

ELM TREES RETIREMENT LIVING LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023

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 £53,670 (2022: deficit of £38,544) and net working capital deficit of £202,264 (2022: £250,412) at 31 December 2023. 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.

After year end, it was agreed to sell this property to the Portsmouth City Council for £711,000. This will enable the entity to operate at a surplus with lower interest and operating costs.

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.